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INTERNATIONAL TOURISM, ITS IMPACT ON SMALL BUSINESS, SECONDARY DESTINATIONS, AND THE VISA WAIVER PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON PROCUREMENT, TOURISM, AND RURAL DEVELOPMENT

OF THE

COMMITTEE ON SMALL BUSINESS HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

HONOLULU, HI, AUGUST 25, 1989

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NTERNATIONAL TOURISM, ITS IMPACT ON SMALL BUSINESS, SECONDARY DESTINATIONS, AND THE VISA WAIVER PROGRAM

FRIDAY, AUGUST 25, 1989

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON PROCUREMENT, TOURISM, AND
RURAL DEVELOPMENT,
COMMITTEE ON SMALL BUSINESS,
Honolulu, HI.

The subcommittee met at 9:30 a.m., in the auditorium of the State Capitol, Honolulu, HI, Hon. Ike Skelton (chairman of the subcommittee) presiding.

Chairman SKELTON. Ladies and gentleman, this hearing will come to order.

My name is Ike Skelton, I am the chairman of the Small Business subcommittee that is the sponsor of this hearing.

With us today are other Members of the U.S. House of Representatives, Charles Hayes, the gentleman to my right, from the State of Illinois, and to my left, Ralph Hall from the great State of Texas, and a wonderful friend and I might say, a classmate of mine that came to Congress in the same year, Dan Akaka. We appreciate them being with us today.

We are very pleased that we are able to have this hearing. The people in this State and the Federal Government have made this so pleasant for our staff.

Our first witnesses will be James Buck, George Roberts, Allan Marmelstein, Wylie Whisonant, and Jerome Ogden.

I have an opening statement.

It is pleasure, of course, for us to be here today, and not just because the islands are so beautiful and the people are so friendly, which they are, but because these Hawaiian Islands and the State of Hawaii are such a fine gateway welcoming the people of the Pacific Rim countries to the United States.

I am partial to the rolling hills of Missouri, but I cannot help but think that the millions of Asians who come to visit you will have a favorable impression of the United States and maybe extend their stay to come visit us on the mainland.

You do such a fine job of welcoming them here that our economy is better for it, our balance of trade is better for it, and the rest of the country can benefit from the experience. That is why we are here today.

This subcommittee is here to review and oversee how the various Federal policies and programs are working here in Hawaii, one of

the major international and domestic tourist destinations of the world.

I do not want to gloss over any of the points I have made. Tourism, we have come to realize, is a very, very serious business. It is among the Nation's largest industries. It is one of our largest employers. It provides jobs for all sectors of the economy because tourists consume a wide variety of products.

When those consumers are foreign nationals we get a double bang for the buck. Not only is our economy stimulated in the normal way, but our balance of trade is improved. We think of tourism as an export in reverse.

Rather than sending their money over here to buy our products, our foreign guests bring it with them and give it to us right here in America. The competition for those dollars is increasing, however, and foreign destinations are working hard to cut into our market share.

Hawaii is a laboratory for the rest of us. If we want to know what can be done to increase our share of the tourist market in the Pacific Rim Countries we need look no further than right here in your State, which is undoubtedly the most successful such destination. Hawaii is such a dominant force in attracting international tourists that we felt it was important to learn from your experience firsthand.

The Federal role in tourism is multifaceted. First, the Federal Government controls our transportation infrastructure and is the keeper of the Nation's gateways. The United States is the proprietor and protector of the national natural and historic resources, and tourism should be a consideration when policies affecting that trust are proposed.

Also, the Federal Government, through the U.S. Travel and Tourism Administration is the promoter of tourism and the analyst of market information, a crucially important task that in other countries—Canada, to name one—rates a cabinet official.

Our main discussion today will focus on the new program that was authorized by Congress years ago: the Visa Waiver Program. Our agreement with Japan went into effect last December 12 and the program now has been operational for 6 months.

Although we have had a similar program in place with Great Britain for a period of time, Hawaii is the logical place to study the success of the program because British visitors have so many destinations, but the most popular destination for the Japanese visa waiver participants is right here in this State.

In addition, the Japanese have been quick to make use of the program. I believe that the testimony will show that 80 percent of Japanese entering this country do so under the Visa Waiver Program whereas only 50 percent of the British do so.

The main goal of the program was to facilitate foreign visitors and to save money on the costly and time consuming visa process. This was to be accomplished by providing an inexpensive and efficient alternative for citizens of countries that have very few visa related problems, and which treat Americans reciprocally. The program has now been opened up to six additional countries: France, Switzerland, West Germany, Italy, Sweden, and the Netherlands.

Former Government officials familiar with the program and industry insiders are calling for the program to be made permanent, and the usage is way up. From the outside it appears to be a success, though I still question why it took 3 years after Congress authorized the program for it to become implemented.

But there are questions that need to be answered: Whether our Federal infrastructure can handle the new method; whether the airlines can de facto administer it to our satisfaction; whether steps can be taken to improve the program; whether it actually promotes and increases tourism; whether U.S. citizens are adequately safeguarded; and whether it saves or costs us money. I think our witnesses today will provide answers to some of these questions.

In addition, this subcommittee is interested in finding out how Federal policy toward tourism is developing in general. I know my colleague from Hawaii has been very interested in insuring that the Federal resources that are needed here in Hawaii are provided. But we welcome comments from our witnesses on what more the Federal Government may be able to do to promote or to facilitate tourism.

Further, is it or should it be an obligation of the Federal Government to help promote secondary destinations, to help regions of our country decide how we could work together to solve their problems in a united way. Tourism is a fascinating and rapidly growing area. I look forward to the contribution of our witnesses today and the destinations and businesses that we will visit and meet today and tomorrow.

Does the gentleman from Illinois have an opening statement?

Mr. HAYES. Thank you, Mr. Chairman.

I think that the time should not be utilized in any kind of opening remarks, and the hearing would be better served by proceeding to hear from the witnesses.

My good friend Mr. Akaka from the islands here serves these islands well, and I am just glad to be with him, too, and that my other colleague, Congressman Hall, came out to join with us here. But I want to get right to the business at hand and hear from the witnesses.

Chairman SKELTON. Mr. Hall.

Mr. HALL. Thank you, Mr. Chairman.

I, too, will be very brief. I do not have a prepared statement, but I have a prepared opinion on this beautiful State and those who inhabit it. I think I would be remiss, Mr. Chairman, if I did not first join Congressman Hayes in lauding Congressman Akaka, because he is not only one of the most successful Members of Congress, and the hardest working Member of Congress, but he is one of the friendliest.

Many times when he writes legislation that we are not really and truly too enthusiastic about, because of his personality, his willingness to go that extra mile for every other Member of the House, we go that extra mile for him. So you are well represented over there, and I know you know that.

I think, actually, I invited myself, Mr. Chairman, to come and attend this meeting, because I have some relationships to Hawaii. I was stationed here in 1944 out at Barber's Point, and I have been

back here many times since, and I will be back many, many more times.

It is a beautiful State, a beautiful part of the world, beautiful people, beautiful outlook. I just think I would be remiss, though, if I did not say that when we talk about tourism and attracting people to this area, that we need always be mindful that we have to be careful to be equitable with those people who were here before they opened their hearts and opened their gateway to this group of islands.

So there is a lot to be done. I think these hearings are so necessary, so helpful, and I admire you, Mr. Chairman, and the members of this subcommittee for having this meeting.

Also, here in Honolulu, we have just finished a symposium on United States/Japanese relations in the 1990's, and I think that goes hand-in-hand because it is not hard to find some members of the country of Japan here, in any direction that you look.

While I am not a Member who could be classified as a Japanese basheri, because they bring great ingredients to our country, and their great economic success in the world, we need to pattern many of our actions after them.

We certainly need to remember that they have great investments in our country, and they provide many, many jobs to our country. All of these things need to be mixed into the computer when we come up with a trade policy and a tourism policy, and certainly with an economic policy.

I do not exactly agree with former Reagan aide, Jim Kelly, who was here, and Japanese delegation member Koichi Sato, who felt that we did not need to take a strong look at allowing Japan to defend their own nation. I am a great believer in increasing Japan's defense responsibilities.

I think if I were a member of the Japanese Diet, I would certainly want to have a stronger standing army than they currently have. Yet, if I were a member of the Japanese business community, I would be reluctant to spend those defense dollars when we can have someone else spend them for us.

So what I am saying, I guess, Mr. Chairman, rather poorly but quickly, is that there are two sides to almost every question, and we are here to get all of those sides, to grind them into something that Jeremy Bentham called the greatest good for the greatest number.

Chairman SKELTON. Thank you, Mr. Hall.

We would like to call for an opening statement from a truly great Member of the Congress, and probably one of my very earliest and very closest friends in the U.S. Congress. We came to Congress together; we were both elected in 1976.

This gentleman has been kind enough to come to my district in the State of Missouri. He even pronounces the name correctly, "Missouri," and he has a lot of friends there. So I do appreciate his and his office staff being so very, very helpful in making this successful.

Congressman Dan Akaka.

Mr. AKAKA. Thank you, Mr. Chairman.

On behalf of the people of Hawaii, I want to publicly welcome you and members of the subcommittee to Hawaii. To mention your

name: Ike Skelton, the chairman, is a classmate of mine. We both entered Congress the same year, and since then have been very, very close friends, and we have been through many activities together in Congress.

Also, Charlie Hayes, I like to call him, Charlie "Regular Order" Hayes. If you ever catch it on TV, and you hear somebody in Congress yelling, "regular order", it is Charlie Hayes. We expect that from him, and we always get it on time, to move business along. Charlie has been here before on small business activity with Perry Mitchell at that time. Charlie is a strong man, a dedicated person from the State of Illinois. We are so happy to have you here, Charlie, and Ralph.

Ralph is from the great State of Texas. Ralph Hall is a person that is considered, because of the way he looks, rather quiet. But he is very opinionated. He speaks out, he speaks his mind, and he has a southern style of saying he cannot say it well. You have noticed that today he has done it again, but he does say things well and gets the points across, and he is very, very effective in the House. I count him as one of my good friends in the House and I am delighted that he is back, and I am glad to hear that he will be coming back again and again, since his service, World War II years in the Pacific.

I want to thank Ike and members of the committee for coming here, because tourism is so important to Hawaii. While I do not officially sit on this subcommittee, I want to thank Ike for inviting me to sit with the subcommittee today. As a member of the Congressional Tourism Caucus and as a Representative from Hawaii, Ike, where tourism is our number one industry, I have a great, great interest, not only for Hawaii but for our country in addressing what we are going to do here today.

Therefore, all my mahalo nui aloha and thanks to you.

Our beautiful State is probably the most successful tourist destination. I say that because we have so many good resources going for us. Today, I am sure that those who are leaders in Hawaii's tourism industry have many ideas as to how the Federal Government can help to make the U.S. visitor industry even more successful than it is today.

The visitor industry has become, again, so vital to the people of Hawaii, and it has become vital to our entire country. I say this because I was on the beginning of the Tourism Caucus, and that was the reason for establishing the caucus, so that we can look at tourism and try to help tourism in our country.

Travel to our country is an export industry, for us. The expenditures of international travelers in our country reduce our trade deficit, and so therefore we need to pay more attention to this. It is essential that Congress and the executive branch make a concerted effort to communicate with and assist the U.S. visitor industry in every possible way.

I also want to say that we have another kind of responsibility with tourists, and that is to be certain that we do not kill the goose that lays the golden egg, that if anything, we try to help our visitors find a new perspective in life. When people come to Hawaii, we hope that when they leave Hawaii, they will feel enriched with

what they have seen here and will want to come back to Hawaii as my friend Ralph has indicated.

I know that Chairman Skelton and this subcommittee realize the great importance of this industry, and I look forward to continue working with them to make our visitor industry even stronger.

Mr. Chairman, this past week I have had calls from people who were not scheduled to give oral testimony, but would like to submit written testimony. Would it be possible for them to do this?

Chairman SKELTON. Absolutely; I would suggest, Mr. Akaka, that we leave our record open for 30 days for your constituents. If they would submit it to your office within 30 days from today, it would be made part of the official record of this hearing.

Mr. AKAKA. Finally, Mr. Chairman, may I say this, that I visited with the Governor last night. He will not be able to be here this morning. He has submitted testimony, but I thought I would mention that his colleagues in the National Governors' Association regard him as the lead Governor for tourism, so we would like to keep in close touch with him on tourism.

Also, in chatting with him, he mentioned as we talked about visa waivers, his hope that we may someday consider China as a place for a visa waiver.

Thank you very much, Mr. Chairman, for this opportunity to make a statement.

[Governor Waihee's statement may be found in the appendix.]

Chairman SKELTON. Thank you. We really appreciate your appearance here.

We have three panels today. The first panel, as you know, is seated at the witness table. I was saying earlier that if you cannot say it in 25 words or less, you cannot say it. I hope that you will limit your comments to 5 minutes, because we will have questions of you at a later time, and we do have three such panels.

If you have prepared testimony, which I assume you do, I will make this statement now. Without objection, each witness who has prepared testimony will have his full testimony set forth in the record, and then his comments that follow thereafter. So with that understanding, without objection, we will proceed.

Mr. Buck.

TESTIMONY OF JAMES L. BUCK, ACTING COMMISSIONER, U.S. IMMIGRATION AND NATURALIZATION SERVICE

Mr. BUCK. Thank you, Mr. Chairman and members of the subcommittee.

I am no stranger to small business, being a small business owner myself, and having appeared before this subcommittee and the committee on small business several times in the past, having appeared before Mr. Mitchell and Mr. Weicker and others in the past, on issues such as taxes and regulation of Government upon small business. So I appreciate the opportunity to appear before you today, and today I am representing the Immigration and Naturalization Service.

I want to express the views of the Immigration and Naturalization Service on the Visa Waiver Pilot Program as it relates to international tourism and its impact on small business.

The Department of Justice and the Immigration and Naturalization Service have been committed to the effort of successfully implementing the waiver program to promote international travel and tourism. Since we have submitted copies of the testimony, I will just briefly summarize that testimony now, if you please.

The Visa Waiver Pilot Program was begun on July 1, 1988, for citizens of the United Kingdom. Citizens of Japan were added on December 15, 1988. In July 1989, citizens of six additional countries were added: France, Switzerland, the Federal Republic of Germany, Sweden, Italy, and the Netherlands.

The criteria for selection of participating countries in this program is, one, the reciprocity for waiver of visa requirements for U.S. citizens and, two, a low visa refusal rate in those countries and, three, the total volume of nonimmigrant visas issued annually, which was added in order to reach as large a population of potential travelers as possible.

More than 50 percent of the total amount of nonimmigrants admitted to the United States during fiscal years 1987 and 1988 were nationals of the eight designated waiver program countries I just mentioned.

One million visitors have been admitted to the program on July 1, 1988. Fewer than 400 have been refused, based on the grounds of ineligibility stipulated in section 212 of the Immigration and Naturalization Act.

Our treatment of the statutory term roundtrip ticket, permits travelers to proceed through the United States to points other than their origination point without violating the spirit and intent of the statute. Our regulations also permit travelers to take side trips to contiguous territory or adjacent islands within the 90-day period of authorized stay.

More than 60 percent of all Japanese visitors entered the United States under the pilot program. Both the consular section of our embassy in Japan, and the consular section of the Japanese embassy in the United States consider the program a successful measure for promoting international travel and tourism.

INS has placed special emphasis on training representatives of the travel industry. Senior immigration officers have been sent to designated countries before and after implementation. Videotapes and printed materials have been forwarded to more than 500 sites.

The central office program coordinator has always been available to answer questions from small and large businesses, the general public, and members of the travel industry.

While a complete evaluation of the effectiveness of the program would be premature at this time, preliminary indications support its success.

To compensate for the increase in traffic at airports heavily affected by the waiver, INS has and continues to pursue automation to enhance the enforcement efforts and speed the inspection process; expansion of interagency information sharing with the Department of State and the U.S. Customs Service; and the machine readable entry of data into automated systems, ensuring the accuracy of the data entered into the system for law enforcement purposes.

To offset the perception of delays resulting from the handling of the Visa Waiver Pilot Program application absent a machine read-

able passport for Japan, INS has forwarded a suggestion to the Japanese travel industry to include machine readable strips on the passport or a separate document in order to expedite processing, and we are awaiting a response to our proposal.

We believe that the Visa Waiver Pilot Program will continue to be a magnet for travel and tourism to the United States. For countries that are low risks, the waiver of visas will not pose a threat to the United States but will enhance and promote travel to the United States.

The Department will closely monitor the success of the pilot program so that the determination can be made as to whether the program should be extended beyond its initial period of authorization.

Once again, I thank you for this opportunity to appear before the committee to express the views of the Immigration and Naturalization Service on this program. I would be happy to entertain questions later, if you would like.

[Mr. Buck's statement may be found in the appendix.]

Chairman SKELTON. Thank you.

Mr. Roberts, District Director, U.S. Customs Service.

TESTIMONY OF GEORGE ROBERTS, DISTRICT DIRECTOR, U.S. CUSTOMS SERVICE

Mr. ROBERTS. Good morning, gentlemen, and thank you very much for the opportunity to be here. My name is George Roberts. I am the District Director of Customs, and I guess I am substituting for the Regional Commissioner who was originally scheduled.

This an oral summation of the Customs testimony, which is more fully spelled out in our written presentation.

We in the Federal law enforcement establishment appreciate the opportunity to appear before you and to comment upon our roles as they impact upon the world of tourism, and especially as we relate to the tourist industry in the State of Hawaii.

Professional customs officers are not usually perceived to be active proponents of measures to speed the processing of air passengers through Federal inspection procedures upon entry to this country, but here in Hawaii we do indeed take upon ourselves, all of us, that role.

We are well cognizant of the very basic fact that the life blood of Hawaii's economy is the tourist industry, and that anything which might militate against the health of that industry has a serious adverse effect upon the State's economic well being.

Coupled with that realization is the further fundamental fact that our mission as officers of the U.S. Government is to enforce the laws passed by the Congress which require the monitoring and the regulation of international trade and travel.

It is sometimes perceived that those two objectives are mutually exclusive, even incompatible, but such does not have to be the case, and certainly is not the case here in Hawaii.

We in the Federal establishment—and here I will presume to speak for Immigration, Drug Enforcement Administration, Department of Agriculture, and the U.S. Public Health Service, as well as for Customs—we feel ourselves to be very fortunate that we can

perform our mandated duties in the very favorable local environment in which we do operate.

That favorable environment exists because of the support and cooperation which we receive from all echelons of the State and local governments with whom we work in the closest harmony on a daily basis. We realize that the impetus for this cooperation and support stems from the personal example and the direction of Governor Waihee, who through his executives and agencies ensures that we have all of the cooperative effort and the facilities needed to enable us to discharge our work and, especially, to handle our volume of tourists in the most expeditious and professional manner.

Our Customs responsibilities are well known to almost anyone even remotely connected with international trade and travel, and I do not need to enlarge greatly upon them. Our duties call for us to enforce several hundred laws and regulations involving not only Customs laws but those of some other 40 different departments of our Government, including those of the several States.

Foremost in our immediate priority of responsibilities, as everyone is well aware, is the implementation of the war on drugs which the President has placed on the top of his priority concerns. The specifics of his drug war will be spelled out in his announcement on September 6, and we expect that this measure will entail considerable changes in our responsibility and will require more tightened-up controls of the avenues of drug introduction into this country.

Our mutual concerns will continue to focus upon performing our mandated Customs duties, which are so central to the well being of our national interests, while simultaneously not being an impediment to the free flow of trade and travel. We think we have done a pretty good job of this, here at least, heretofore and are pledged to continue to work diligently toward that objective.

Almost anything worthwhile can be done if there exists the basic determination to do it, the proper environment in which to do it, and the required resources with which to perform it. We have that determination, fortified as it is by the excellent cooperation we receive from the entire spectrum of those agencies and the organizations in the air industry.

The State of Hawaii has been foremost in providing the basic infrastructure and support so that a smooth working climate exists, and we are most grateful for the understanding support we have always received from the Congress in the way of concerned interest and necessary resources.

With your continued understanding and hoped-for support, we are certain that we and the State agencies will be able to meet the increasing challenges of international travel and tourism in such a way that tourism is enhanced, and the Customs objectives—again, particularly those involving interceptions of drugs—are also accomplished.

I hope I have stayed within my 5 minutes. Again, thank you for the opportunity.

[Mr. Robert's statement may be found in the appendix.]

Chairman SKELTON. Mr. Roberts, thank you.

Mr. Allan Marmelstein, Pacific Island Administrator, U.S. Fish and Wildlife Service.

TESTIMONY OF ALLAN MARMELSTEIN, PACIFIC ISLAND ADMINISTRATOR, U.S. FISH AND WILDLIFE SERVICE, U.S. DEPARTMENT OF THE INTERIOR

Mr. MARMELSTEIN. Mr. Chairman, my name is Allan Marmelstein, and I am appearing on behalf of John Turner, the Director of the Fish and Wildlife Service who appreciates the invitation to participate. I have submitted the full text of my comments, and so I will take this opportunity to summarize some key points.

The primary purpose of the U.S. Fish and Wildlife Service is to conserve, protect, and enhance our Nation's fish and wildlife resources and their habitats. We manage several programs in support of this goal. Our National Wildlife Refuge System is comprised of 450 refuges totalling approximately 90 million acres located throughout the United States, Puerto Rico, American Samoa, and the U.S. Trust Territories. These refuges provide extremely important habitats for endangered and threatened species, for waterfowl and for other fish and wildlife resources. The Service also manages 75 National Fish Hatcheries which provide more than 6 million pounds of fish to thousands of streams and lakes throughout the Nation.

While all of our National Wildlife Refuges must be managed in a manner that is compatible with the purpose for which they were established, it has long been recognized that they are unique sources of educational and recreational opportunities. There are currently 328 refuges open to the public for recreational use and approximately 26 million tourists visit these refuge lands annually. These tourists can enjoy recreational activities such as fishing, hunting, wildlife observation, hiking, bicycling, auto touring, and boating. In addition, these types of activities benefit local businesses and stimulate the local economy through sales of sporting goods and other recreational equipment. Also, to promote the local economy and secondary destinations, most of our refuges can provide tourists with information about food, lodging, and other local recreational attractions.

You will be glad to know, Mr. Chairman, that the Service, through our Division of Refuges, is currently represented on the Department of Commerce's Federal Task Force on Rural Tourism. That agency is addressing the issue of the effectiveness of tourism as a tool of economic diversification and development from a Federal perspective, and we are looking forward to a new, combined Federal approach to the issue of tourism.

One of the major initiatives of the Department of the Interior, and one in which we are particularly proud, is the Take Pride in America Program. The Service's active involvement in the Take Pride Program presents a unique opportunity to be a good neighbor and partners with surrounding area businesses and Governments. It is a program that the Service excelled in during 1988 and one which will be highly encouraged in future years. Our refuge personnel are also involved in educational outreach programs with local schools to promote an understanding, awareness, and support

the fish and wildlife management goals on refuges and the erall mission of the Service.

There are seven National Wildlife Refuges in the main Hawaiian ands, and an equal number scattered across the Pacific. Six of e seven in Hawaii were established to promote the recovery of rious endangered species in the islands.

The federally mandated compatibility test I referred to earlier equently limits public access to refuges established for the recov- y of endangered species, which is generally the case in Hawaii. ost of the refuges established for the recovery of endangered wa- rbirds are closed to the public.

However, the Hanalei Valley Overlook at Princeville, Kauai, a opular, and heavily visited site, is in fact an overlook of the Hana- i Refuge, where interpretive displays of our waterbird recovery fforts are provided. The vista presented to the public is probably ne of the most heavily photographed on Kauai, and attracts many isits. We are in the process of constructing a visitors facility at he James Campbell Refuge on Oahu, also an endangered water- ird refuge, where limited public access will be available.

On the big island of Hawaii, Hakalau Forest is the only refuge in he National Wildlife Refuge System encompassing a tropical rain- orest ecosystem. It was established to promote the recovery of sev- eral endangered forest birds, and is not currently open to the ublic. This is not only due to its primary mission, but also to the act that it is located in an extremely remote part of the island, accessible only by a dirt road which is difficult to maintain. Howev- er, we look forward to the day when the visiting public will have the opportunity to experience first-hand the unique beauty and ex- citement of a Hawaiian forestbird community, and hope eventually to open that refuge to the public.

Kilauea Point Refuge on Kauai, the centerpiece of our public use program in the islands, receives over 400,000 visitors annually. This refuge is located on the northernmost point of the main is- lands and affords the visitor one of the most scenically splendid vistas of coastal volcanic cliffs, reefs, ocean, and mountains any- where in the islands. It also houses one of the largest lighthouses in the United States, and other historic structures. In addition, it provides a rare opportunity to walk among several species of nest- ing seabirds, as well as to view sea turtles, whales in the winter, and rarely, the endangered Hawaiian monk seal.

We will shortly be opening a new educational facility at Kilauea Point which will interpret the role of this refuge and the other ref- uges in Hawaii and the Pacific to the public. In addition, the inter- pretive displays at the educational facility will provide a state-of- the-art interactive video system to introduce the National Wildlife Refuge System to both mainland and foreign visitors.

The interactive video system provides information on the refuges in a State when that State is selected from a map displayed on the system. For mainland visitors, the interactive video system will provide an opportunity for visitors to learn more about refuges in their home States, and an incentive to visit those open to the public. For the foreign visitor, it will be an added inducement to travel to the mainland to visit additional refuges.

As you can see, although our facilities for public use in Hawaii are limited, we are using them to their best advantage in order to both educate the public about our local and national mission, and to encourage further travel to other refuge sites.

That concludes my testimony, Mr. Chairman. I would be happy to answer any questions that you may have.

[Mr. Marmelstein's statement may be found in the appendix.]

Chairman SKELTON. Thank you.

Mr. Wylie Whisonant, the brand-new Deputy Under Secretary of Commerce for Travel and Tourism.

TESTIMONY OF WYLIE WHISONANT, JR., DEPUTY UNDER SECRETARY OF COMMERCE FOR TRAVEL AND TOURISM (DESIGNATE), STATE OF HAWAII

Mr. WHISONANT. Thank you, Mr. Chairman. With your time constraints ringing in my ears, I cannot recall ever having said anything in my life in 5 minutes or less, but I shall move doggedly ahead to attempt to meet those time restraints.

I am Wylie Whisonant, Jr., Deputy Under Secretary of Commerce for Travel and Tourism (designate). I am appearing on behalf of Rockwell Schnabel, the Under Secretary of Commerce for Travel and Tourism, who is heading the U.S. delegation to the 8th General Assembly of the World Tourism Organization in Paris and is, therefore, unable to be here.

I appreciate this opportunity to testify on tourism and its impact on small business. Since 98 percent of the tourism industry consists of small businesses, tourism does have a very significant impact on the small business community.

We at USTTA are very aware of the importance of tourism to Hawaii, and the important role in the U.S. tourism efforts. In fact, three members of our 15-member Department of Commerce Travel and Tourism Board work in Hawaii tourism and call Hawaii home: Stanley Hong, president of the Hawaii Visitor Bureau; Chuck Gee, dean, School of Travel Industry Management, University of Hawaii; and David Elmore, president of the First Family of Travel.

I would also like, on behalf of USTTA, to reaffirm our sincere thanks to Governor Waihee of Hawaii for his informative and spirited presentation before the National Tourism Policy Council in June 1989.

With your permission, I would like to limit my testimony to three topics: Tourism as a tool of economic diversification and development; the Federal Government's promotion of secondary destinations; and the Federal Government's efforts in foreign countries to market the United States as a tourism destination.

As we are all aware, Mr. Chairman, tourism is a significant contributor to the economic development process. I would like to observe, however, that the developmental benefits of tourism are not evenly distributed. Five States: California, Florida, Hawaii, New York, and Texas, account for the bulk of this country's inbound international business. This is because they account for the largest share of the nonstop international air service between the United States and foreign cities.

This committee, in recognition of tourism's contributions to economic development, and out of its concern about the plight of rural areas today, mandated a national study on rural tourism development to be coordinated by USTTA.

The purpose of that study is to determine, one, whether there is a need for Federal policy concerning the development and promotion of small businesses in rural communities through travel and tourism, and two, whether there should be Federal program to support such a policy.

That study will be transmitted to your committee shortly, and I do not want to release the findings piecemeal out of context. However, I do wish to share with you some relevant observations of the Federal task force formed under the auspices of the Interagency Tourism Policy Council to study whether a national policy on rural tourism development is needed.

The task force found, among other things, that weather and changing U.S. trade patterns have had a profound impact on agriculture in this country. Many rural areas have experienced population loss, especially among better educated youth and skilled workers. The farm crisis has spread beyond the farm into small businesses which traditionally have catered to the farmer. As farmland values decline, Main Street spending falls.

There is a rapidly-growing awareness that rural areas must be revitalized and that revitalization depends upon economic diversification, human development, and incentives to identify and utilize existing resources, initiate local entrepreneurial ventures and motivate community organization and leadership.

At the same time, there is a growing realization in both rural and urban America that tourism is a significant, although often misunderstood, contributor to the economic development process.

Through tourism, income is redistributed throughout the Nation, not infrequently from affluent urban and suburban areas to service providers in rural areas. To the extent that tour destinations attract travelers from outside the country, State, or immediate community, tourism injects fresh money into their circular flow of income.

Nonmetropolitan counties that depend upon tourism, retirement income and specialized Government spending exhibited much greater stability during the turbulent 1980's than those that did not. At the same time, however, the task force found that the development of a tourism industry is a long-term endeavor, and that there are significant impediments which can retard rural tourism development.

At four regional conferences on regional tourism, participants told USTTA that it is difficult to establish and profitably operate a tourism-related business in a rural community, and these reasons were cited:

Many rural business owners lack marketing experience, promotional expertise and hospitality training.

Small businesses have difficulty securing financing. Most rural communities export capital. Commercial banks in most rural areas and small communities are unfamiliar with nonagricultural businesses and prefer not to lend to them. As a matter of policy, some existing Federal agencies which make loans to farmers or to small

businesses in rural America do not treat tourism and commercial recreation-related business ventures as eligible categories for loans or guarantees. Capital funds for tourism development infrastructure are inadequate, at best.

Under deregulation, rural areas have lost some public transportation. Inadequate transportation to and within rural areas is a deterrent to rural tourism development.

Funding to implement existing Federal programs to promote the development of tourism-related small businesses in rural areas is insufficient. There is a lack of funding for educational systems related to tourism development. The Community Development Block Grant Program excludes tourism development.

There is no coherent national policy on rural tourism development and little systematic coordination among Federal agencies whose programs and actions affect tourism enterprises in rural areas.

The national study on rural tourism development examines each of these reasons and makes what we hope are appropriate recommendations.

The key to fostering tourism to the United States is the active and aggressive promotion of each region's attractions and services. Consequently, one of USTTA's major objectives is to get more U.S. tourism related companies, States and cities to promote their attractions and services in the international workplace. In the course of its activities, USTTA recruits business partners located in secondary and tertiary destinations.

There is a great opportunity today for rural enterprises and small enterprises to attract visitors from abroad. Much of what foreign tourists seek in America involves adventure and the outdoors.

Rural America is a source of great scenic beauty. A high percentage of international visitors state that they want to visit America to see its natural wonders. Rural areas near established urban destinations may have a special opportunity to develop tourism as a secondary destination, but this requires careful, integrated planning by States and regions.

To date, we cannot say that foreign tourists have truly tapped the potential for tourism experiences in rural America.

Although we have many underutilized and undeveloped areas of great scenic beauty and historic or cultural significance, they only become tour destinations when they are incorporated into a touristic infrastructure. They must have roads, airports, transport service, accommodations, food, social services, and trained personnel.

Transportation access is especially critical. International air service is vital, every bit as important as marketing and promotion. If the Nation as a whole, including its secondary destinations, is to receive the fullest benefit from tourism, the economic development interests of the United States regions must be fully considered by U.S. policy makers who negotiate this country's international air routes. They must negotiate not only for benefits for U.S. carriers, but for better, more direct air service for those U.S. citizens which lack it.

Mr. Chairman, to better understand Federal efforts to market the United States as a tourist destination, I would like to discuss

the size, scope, and competitiveness of the international tourism market.

In 1988, the most recent year for which data are available, the world's citizens spent close to $206 billion on international travel, and that is excluding transportation. Approximately $29 billion or 14 percent of the total was spent in the United States. Despite this impressive figure, the United States faces formidable competition for market share. The tourism business is one of the most competitive in the world. More than 170 countries are vying for the business of the 20 principal tourism generating countries.

The United States is competitive in attracting international tourists, as the data I cited for 1988 shows. However, let me stress again that if we are to remain competitive, a greater percentage of the more than 1 million U.S. travel industry small businesses, and more of our States and cities, will have to actively seek international business. USTTA's role is to function as a strategist, a catalyst, and a recruiter in bringing these entities into the international market.

Mr. Chairman, I would like to say a word about international tourism in Hawaii from the point of view of USTTA. Hawaii illustrates a number of the issues facing the United States today in international tourism.

Hawaii receives the largest number of visitors from Japan, our fastest growing international market. United States tourism exports to Japan have special value, since Japan is the country where we have the greatest trade deficit. Two of USTTA's export goals are to continue to increase the number of Japanese visitors to the United States and to motivate them to plan longer stays.

Japan is one of the initial countries to participate in the Visa Waiver Pilot Project, which has created special responsibilities and special pressures, including a demand for Japanese-language proficient Customs and Immigration officers at Honolulu International Airport.

The role of tourism as the first industry in the State, surpassing Hawaii's traditional and still strong agriculture, is illustrative of what is happening to other State economies. Tourism in recent years has become a fundamental economic activity in most States, replacing traditional sources of income.

In closing, I would like to observe that tourism is a complex economic activity that requires the coordination of many levels of Government and close cooperation with the private sector. The United States has been very successful in exporting its tourism product, but the tourism industry must operate in a dynamic and rapidly-changing international business environment.

Advanced technologies, new economic partnerships and policies, and the emergence of newly industrialized countries are profoundly affecting the industry's scale, scope, product, and prospects. In the next decade, our challenge will be to continue to adapt to a rapidly-changing international market.

Mr. Chairman, this concludes my prepared remarks. I would be happy to answer any questions you may have.

[Mr. Whisonant's statement may be found in the appendix.]

Chairman SKELTON. Thank you, Mr. Whisonant.

Jerome Ogden, the Deputy Assistant Secretary for Visa Services, U.S. State Department.

TESTIMONY OF JEROME C. OGDEN, DEPUTY ASSISTANT SECRETARY OF STATE FOR VISA SERVICES, BUREAU OF CONSULAR AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. OGDEN. Mr. Chairman, members of the committee, it is a pleasure to be here. I join with all the others on the podium who have expressed their delight in being in the wonderful State of Hawaii.

I will keep my remarks very brief. I do have a written submission that I have already presented. Commissioner Buck has mentioned many of the things that I would cover. We work very closely with the Immigration and Naturalization Service on the Visa Waiver Program.

There are really only two points that I would like to emphasize. The first is one that you have mentioned, Mr. Chairman. This program is a temporary one, as it is written now. The clock is ticking. Once we began with the United Kingdom last year, we had 3 years to implement this trial program and to evaluate it.

We are right now in the midst of the evaluation process. By this time next year Congress and your committee will have received a report from the Department of Justice and the Department of State with our recommendations. In that respect, I would just like to say that these hearings could not be more timely in terms of the evaluation process.

The other point that I would like to emphasize in my oral testimony is one that Commissioner Buck alluded to, and that is, that since the program began over 1 million people have availed themselves of the Visa Waiver Program.

Now, for us in the State Department, that is very good news, indeed, since it represents about 10 percent of our annual volume in nonimmigrant visa processing.

Mr. Chairman, you referred to the varying rates of utilization in some countries. I would note, however, that those rates are increasing everywhere. More and more people in the United Kingdom are using the Visa Waiver Program. Although it has not yet reached the levels of Japan, where we have seen the most dramatic use of the program, it is growing.

So this means for us that we have had 1 million fewer visas to process this year, a great savings for us. Although in some of the countries it has not meant that we can reduce the personnel devoted to that function, it has meant at least that can we can cope with the growth in other nonimmigrant visa categories.

Six other countries have just recently come on in the last 2 to 6 weeks, and we really do not have any firm figures. But I am happy to report that our most recent reporting from France indicates that their visitors visa processing has declined by 65 percent, so we are very optimistic that the program is going to take hold there.

I am convinced that the program is moving forward smoothly. I think all of us involved in it have a very positive attitude toward it. Of course, we wanted to get the program into place by this

summer at the latest so that we would have a full summer season to evaluate the program, and in that sense we have succeeded.

Other than that, the rest of my remarks are contained in the written testimony, and I will be happy to answer any questions.

[Mr. Ogden's statement may be found in the appendix.]

Chairman SKELTON. Thank you so much. I thank the panel for its excellent testimony.

Mr. Hayes.

Mr. HAYES. Thanks again, Mr. Chairman. I will be very brief.

Mr. Buck, we have heard some complaints about the form not being translated into the Japanese language. Is this true? Do we plan to translate these forms into the Japanese language?

Mr. BUCK. Congressman, it is correct that the form has not yet been translated into Japanese.

Mr. HAYES. Would it make sense to translate it?

Mr. BUCK. I am not sure if it would or not, Congressman. The issue is one of how many languages can we translate the form into. We have requests from numerous countries around the world who want us to translate a number of forms that are used by the Immigration Service into their own language. If we were to attempt to do that, it would be a monumental task to duplicate, translate all of the forms used by the public, by the traveling public, into those languages.

The Immigration Service is always sensitive to the need for the visiting person to understand what our forms mean. We have a number of people in our airports who speak various languages. We have interpreters available. We try to make other avenues available to the traveling public other than translation of the form. It is a difficult question. It is a difficult issue to address.

Mr. HAYES. Since it is just a pilot program—the Visa Waiver Program—it looks like it might have been better to have it done for the Japanese.

Mr. BUCK. As an experiment, it could have been done, possibly, but I think the same constraints would still have to apply. So far we have——

Mr. HAYES. You think this contributes to some of the delay going through Customs and Immigration Service at the airport, this lack of translation——

Mr. BUCK. It could, but I do not——

Mr. HAYES [continuing]. Since you have such an influx of Japanese coming in as tourists?

Mr. BUCK. Based on what we have seen so far, Congressman, I would have to say, probably not.

Excuse me, Congressman. I have just been handed a note from my assistant that says it has been translated into Japanese. As a matter of fact, that is correct, and I apologize to my assistant. She showed me one just recently. We have got a copy that we can show you, if you would like to see it.

Mr. HAYES. It has been done?

Mr. BUCK. It has been done, yes.

Mr. HAYES. All right.

Mr. BUCK. That was fast. Things are happening so fast, I cannot keep up with it these days.

Chairman SKELTON. Everybody should have assistants like that.

Mr. HAYES. So I will be satisfied in my own thinking as to the position of each of the panelists here, do you feel that the current pilot program should be continued or made permanently? I want to just clearly understand what your feeling is as panelists. I want to know from all of you. It was not clear in your testimony as to whether or not you think it ought to be continued or become permanent.

Mr. OGDEN. If I may, should I start off?

Mr. HAYES. Go ahead.

Mr. OGDEN. From our point of view, all of the indicators are very positive. But we would not want to come out and make a firm, official commitment to continuation before we had prepared our evaluation for Congress next year. I think we really owe it to you to have the details in front of you before we make a firm commitment. But I think all of our testimony and all of the Commissioner's testimony indicates that everything that we have seen so far has been very positive.

Mr. HAYES. Perhaps, Mr. Roberts, you are the one who is directly responsible for Customs here and maybe you had best to add to this question specifically.

Mr. ROBERTS. Treading on dangerous ground, Mr. Congressman, first off——

Mr. HAYES. I do not want you to do that.

Mr. ROBERTS [continuing]. First off, I would like to say that our Customs declaration has been made into Japanese and Chinese languages for over 10 years, so it is something that should be done, and it really is helpful. Considering the volume of people we have from Japan and the Orient, it is a logical thing to have done. It helps us very much.

With respect to the visa waiver, it really does not impact Customs all that much, because it is strictly within the Immigration field. I am only going to have to relate to you what my people at the airport tell me. They feel that basically it helps us, because it seems to take Immigration a little bit longer to ask the questions that have to be asked which are not asked over in the foreign countries, and to fill out the form that has to be done.

Then, when we have 2,000 passengers waiting there screaming to get cleared, why, it takes them a little longer to come down to us so we can handle the mass a little bit better. I would not want to pass any judgments on whether in the overall, the pluses outweigh the minuses. As far as we are concerned it is helpful right now.

Mr. HAYES. You indicate that there is somewhat of a delay because of this.

Mr. ROBERTS. This is the observation of my people at the airport. They do not go through Immigration as fast individually as they do when the visa has been granted overseas.

Mr. HAYES. Thank you, Mr. Chairman. I have already exceeded my time.

Chairman SKELTON. Thank you.

Mr. Hall.

Mr. HALL. I think first, Mr. Chairman, I should comment to Mr. Marmelstein that I was just at Hanalei and the lighthouse near Princeville yesterday, I think, or the day before yesterday, and saw

in practice those services that you related here, and that they were doing them well.

Mr. MARMELSTEIN. Thank you.

Mr. HALL. I note, first, the quick action that this chairman gets when he brings a hearing here, and Charlie's questions elicited a quick action that is quick action to show that you all have used your own good old practical, good old common horse sense in going on and putting these into other languages.

As I sat here and listened to his question and, first, listened to an answer that that indicated perhaps it had not been done, I wondered why it had not been done, because it did not seem to be that much of a printing problem to print in the other areas. I think from what Mr. Roberts has said, folks are already about half mad by the time they get to him, and if that would alleviate that a little bit, I am sure that would take some of the stress and strain out of the operation.

But just as you have used that practical sense and taken that step, I guess I would need to inquire of Mr. Roberts once again. He mentioned their greatest problem—and it is the greatest problem affecting the American people today, is what do we do about the war on drugs, from your standpoint and as it relates to tourism.

I think there, again, we as a committee of Congress, we can pour all the money in the world on it; it is your money; it is taxpayers' money. We can vote three times what we have voted, and if it does not affect the war on drugs or even the skirmish on drugs any more than we have affected it up to now, it is almost a waste of time.

I think we need practical input from you folks who are here on the firing line as to how we can give you the tools, the sophisticated weaponry, apparently that is needed. As I say, we can continue to pour money on it, but I think you have to give us the benefit of your ability to use those tools.

We talk a lot about the hostages in Lebanon. In drugs we have got a generation being held hostage. Many of those people in Lebanon are there by their own wishes, and we have got a generation born into our families and our homes and our schools and our States that, apparently, we are letting down, because we have not picked up the weapons and used them to really declare and fight a war. Congress cannot fight that war. We can only vote your money to spend it.

How can you give us more practical input? As a matter of fact, you probably do, and is it disregarded? How do you people, State, Commerce, and Justice, how can you feed back to us the proper tools that we need to regulate tourism and at the same time regulate this very dreadful fear that we have of drugs? Once again, do you have forms for that? Do you have suggestions for that?

Mr. OGDEN. Actually, there are formal mechanisms and then there are informal mechanisms. I think we in the visa office have a very good informal relationship with a lot of the staffers on your committees in Congress that are involved in Immigration in general. In fact, we have a Foreign Service officer who is assigned to the Senate side on the Judiciary Subcommittee. I think that if the opportunity presents itself, and both sides can work it out, there will be one on the House side, too, on the House subcommittee.

We have been able, for instance, in the recent Immigration proposals, we have been able to use that sort of mechanism to get our suggestions, practical suggestions on how some of these proposals can be worked out administratively, written into the law. There were several changes made in the actual wording of the law because of that liaison.

I think the same thing holds true with the nonimmigrant visa waiver and any other visa-related legislation. We do have mechanisms for getting our practical concerns over to the Members so that they can consider them when they are writing the laws. I think that will be especially needed during the next year or so, as we consider how to make the visa waiver permanent and what changes should be made in the actual administration.

Mr. HALL. It is obvious that the old methods have not worked, and the old weapons have not worked. I do not know whether we need to take another look at the courts' treatment of those who are apprehended, the Justice Department's handling of them, or just where. I think the American people are going to demand of this Congress, and demand of all of us in the field of public service, that we attack that war. And I think—yes, George?

Mr. ROBERTS. If I could put a word or two, Mr. Congressman, it is very difficult to give a real, solid answer that you can sink your teeth into. You have a tremendous problem. We in Customs are faced with it. We are on the firing line at the borders. There are no drugs, outside of some marijuana, which are produced in the United States, so all of this massive flood of drugs, torrent of drugs in which the country is awash, it has to come through our lines. So obviously, we are not doing too good a job.

Mr. HALL. Do you have the troops?

Mr. ROBERTS. Sir?

Mr. HALL. Do you have the troops?

Mr. ROBERTS. We do not. I am making blunt statements. I do not think my people in Washington, my superiors would necessarily agree with me, but I would have to make a flat statement: I have been working as a Customs officer for 50 years, and every day that comes up, I still get continually amazed at the marvelous ingenuity of the people who are in the drug business, at the ways they find means to get past us. It is just incredible. The things they come up with are unbelievable.

Mr. HALL. Mr. Roberts, to get back to the Visa Waiver Program, would this quick visa program make it more difficult for us to spot drug traffickers? I guess you would be the one to answer that. How do you see this affected by the quick visa program that has been suggested, that is in place.

Mr. ROBERTS. My only comment on that is if you have a consul abroad questioning and G-manning an applicant to come into the United States, he finds out something in the process of the 5 minutes or so that he is asking him questions. If he is not satisfied with the individual, he can turn him down. The Immigration inspector has got 30 seconds to process the person in here. Maybe he is not able to detect the Yakuza coming in, or the mafia-type person. That is just an observation from outside of—I am not within the Immigration Service.

As far as Customs are concerned, we have gone to a system largely of paper controls for the simple reason that catching drugs is like trying to catch a fish. You have actually got to go after it and work at it. When you stop and think that last year there were $450 billion worth of commodities coming into this United States of foreign value; there were over 300 million passengers came in, all from foreign countries, and they came in tens of thousands of ships, planes, boats, cars, trucks and stuff like that, in order to look at them, you have got to have resources.

You have got to have well-trained, dedicated, intelligent people. Frankly, our resources have remained relatively static over the years, and we have gone to more and more paper controls. And you do not catch heroin and cocaine by using pieces of paper.

Mr. HALL. I think I have used my time up.

Chairman SKELTON. Mr. Buck had an answer to that.

Mr. BUCK. Yes; if I might go ahead and comment on the issue of drugs, on the southern border as an example, the U.S. Border Patrol has the responsibility of manning the border and interdicting drugs on the southern border. Thus far this year, and this fiscal year is not over yet, we have already interdicted over a billion dollars worth of drugs coming through the land ports.

The volume is increasing. It is becoming more difficult to interdict those drugs. There is a direct relationship between the level of success and the number of people that are on the line. We are trying to leverage the human resource with technology, new sensors, new aircraft, new tracking mechanisms, new vehicles, infrared systems that we can see people coming through at night, carrying drugs. It is an increasing problem, not decreasing.

The increase in drug interdiction this year is far exceeding what it was last year. There is no doubt Mr. Roberts is correct: There needs to be more resources put on the border and at our airports. There is another issue concerning drugs and I guess it could be related to tourism, let us say, the number of people who are coming into the country.

As Mr. Roberts said, over 330 million people were inspected last year, coming into this country. That is a lot of people to inspect. On the average—I think it takes less than 1 minute for our inspectors to inspect a person that is at the port of entry. Under the Visa Waiver Program, it has taken about a minute and a half. We are looking for ways to bring that down, in order to accommodate the millions of people who want to come to this country. Technology is something that we can use. We can use more technology; we need more technology. With the State Department, we are working on the machine-readable documents, a project which we will have up and operating very shortly. I believe in September, the Department of State is going to have their end of the operation working.

We are using also, now, in pilot—not so much pilot, now, in one country—in Shannon, Ireland, we have a preinspection program working, where we inspect the traveling visitor in their home country, before they get on the airplane to come here. It is a very successful program, so that by the time people get here, they have had a long flight, they get off the plane and they get through the lines much faster, because they do not go through Immigration, for example.

That is the kind of program I think we can continue to use. If we can deter the perpetrator of the illegal act, smuggling, in the home country, that is a big step toward reducing drugs coming into this country, as well as illegals and possibly terrorists as well. There are a number of things that can be done, a number of things we are trying to do. A lot of it is still in the developmental process, but overall I think we are making progress in how we approach the problem.

The other issue that is of concern, and I say this somewhat delicately, at the Federal level, people who go to the Federal courts for crimes of—drug-related crimes, a high percentage of them are aliens, illegal or otherwise. That concerns the Immigration Service. We are trying to determine why this is so.

You mentioned, does the Justice Department have the tools it needs to address the problem? I believe there are a number of people who would say, probably not, Congressman. There needs to be a more plain, expeditious, rapid process for removing the people who come to this country to sell drugs, to peddle drugs. I believe that if the Congress could address that, it would go a long way to deterring the number of drug peddlers that are coming into this country, a rapid, expeditious deportation process.

Mr. OGDEN. Just a brief comment—something that Mr. Roberts mentioned, and something that we were concerned with in terms of the drug traffickers and the visa waiver.

Mr. Chairman you mentioned that the program was delayed. One of the reasons was because we wanted to be absolutely sure that there would be no diminution in security because of the visa waiver. We worked very closely with the Immigration Service to make sure that every bit of information that was available to our consular officers abroad would be available to the Immigration inspector at the port of entry.

That took over a year, but we are confident now that anybody who comes into the port of entry who happens to be a drug trafficker will be caught just as readily as he would have been if he had come into the embassy for a visa.

Chairman SKELTON. Mr. Akaka.

Mr. AKAKA. Thank you very much, Mr. Chairman.

Mr. Buck, you mentioned the minute and a half processing. Does that include both Customs and Immigration?

Mr. BUCK. No; that is only for the Immigration portion.

Mr. AKAKA. I see Mr. Buck, and whoever else, you alluded to preclearance.

Mr. BUCK. Uh-huh.

Mr. AKAKA. As a process that may be used in alleviating delays at the point of entry.

Mr. BUCK. Uh-huh.

Mr. AKAKA. Do you see preclearance as a viable option that would be beneficial for foreign passengers that arrive here, and would move them through the process?

Mr. BUCK. Congressman, I think that the preclearance process is a good one. There are some concerns that we and other members of the Government share about the preclearance process, but overall I think it is working very well, if we look at the example that we have in Shannon, Ireland.

People come into the airport from which they are departing at a slower rate than they do when they arrive, 400 at a time, getting off a 747 at the Honolulu Airport. So there is more time to casually or leisurely inspect these individuals. Our inspectors have more time to talk with them, go through the questionnaires, make sure that everything is exactly as it should be. If they are not sure that this person is who they represent themselves to be, or if there is a possibility that there is some smuggling taking place, they have more time to address that issue.

By the time they get here, they have had a 4-, 5-, or 6-hour flight; they're tired; they just want to get out of the airport and get into the local community. It puts pressure on the Immigration Service and the Customs Service both to try to expeditiously process the people through.

We understand that most people who are coming here are law-abiding citizens. They want to come here for a vacation. They want the rest. They have some business to transact. But there is that small percentage that is the dangerous percentage that we have to be concerned with, those people who are dealing in drugs, who are dealing in laundering money, who are dealing in any number of crimes and, again, the terrorist element. We have to go through all these extra processes in order to address that small percentage. We have to do that.

To answer your question specifically, I think the preclearance process is one that deserves more consideration.

Mr. AKAKA. What countries do you have this in place?

Mr. BUCK. We have it in Shannon, Ireland. We have it in—— there is one other place—Guam. We have it in Guam and Canada, as well. We have, I think, four or five locations up in Canada; we have it in several locations there. And it is working very well.

Mr. AKAKA. Has an attempt been made in other countries?

Mr. BUCK. We are in the process now of trying to develop preclearance in other countries. It is a coordinated effort between the Immigration Service and other parts, departments of the Government. Of course, the host country has to issue the invitation to have us come in, with reciprocity in the process. We are, yes, looking at taking preclearance to other countries.

Mr. AKAKA. Let me ask the same question of the Customs people: How does preclearance affect you?

Mr. ROBERTS. We are not sold on it, Mr. Congressman, for the very—as far as Immigration is concerned, it is possible. As far as Customs is concerned, it presents a practical difficulty. We will use Canada as an example.

We have no law enforcement authority if we are stationed in a foreign country, so if you have a Customs examination in Canada, for example, the passenger puts his bags up in front of the Customs officer, he finds he has got heroin or cocaine in the baggage, the Customs officer can do nothing of his own authority. If he can call on a Canadian mountie or provincial policeman to come along and take that person under tow, he will do so, and that man is then processed according to the laws of Canada. We have no authority there.

So from that standpoint, it is not the best thing. From the practical standpoint, let's just take—we have preclearance in Japan,

Narita, for example. We are presupposing that we are going to examine the passengers and their baggage. In order for it to be really effective, you would have to have everybody originating in Narita, but that does not happen.

At least 50 percent of the people coming out of Narita come from other points in Asia, where they originated. So in effect, preclearance with them, you would have to require those planes to come in, offload their baggage, have it inspected by either the U.S. Customs or the Japanese customs, if we are going to have that, and then reload it back aboard the planes again.

We really would not be having anything that would be effecting any saving. It would not be practical from the standpoint of selling that to passengers. They would not want to get on in Bangkok, get off in Japan and have their bags examined in Japan, get back on the plane again.

Then we would have the business of how do you handle the controls of the planes and the aircraft themselves. Most smuggling deals involve—I will say, a lot of them involve airline conspiracies, internal conspiracy. We are talking only about examining passengers. We would have no authority in any foreign country to go to work and say, "OK. I want to search that plane before it leaves. I want to check that plane to see that all of that bags that are going aboard have been examined, it has not two or three suitcases that have been brought by the friendly crew member who is part of the conspiracy, part of the Mafia." You have no control over it at all. From that standpoint, as it appears to me, it is not a practical alternative.

Mr. AKAKA. Let me ask you one more question since Mr. Ogden mentioned about intelligence. I am sure you receive intelligence of passengers that are coming in. What is the percentage of arrests that you make that comes about because of intelligence, and what percentage comes about because of the ingenuity of the Customs agent?

Mr. ROBERTS. The percentage of intercepts that we make of drugs, or anything else, for that matter, anything prohibited or smuggled, the percentage that we make from prior intelligence is so minimal that it is really not significant. That, again, does not set too well with a lot of people, but from the practical standpoint, that is exactly it.

The simple matter is that if the person is in the drug business, he does not have letterhead stationery, he does not have a card that says, "I am peddling heroin," or stuff like that. He does not have anything on his suitcases which identifies it. He keeps his mouth shut. Otherwise, he is not in business very long. In fact, he is not living very long. So, nobody tells anybody.

There is not very much in the way of practical intelligence on drug smuggling, particularly, that comes from anywhere overseas. So the most solid barrier, control, safeguard that we have is intelligent, hard-working, dedicated, knowledgeable people working in the ports of arrival.

You are not getting too much from overseas. The other thing is that you are not getting all that much from official Government sources overseas. The one solid factor with respect to every enforcement agency in that part of the world is that they are underpaid. If

they find some drugs, they get what they call a reward, for finding the drugs and turning them in, like that.

They do not get any reward if they tell some U.S. officer that is over there so that we can pick it up. They want to pick it up themselves. And it has not been unknown that they deal with the people that are handling the drugs, so they get a piece of the action. I am not maligning them, but the facts of life are the facts of life. We just do not get the information from anybody overseas that amounts to very much.

Mr. AKAKA. Mr. Chairman, if you will permit me, one more question to Allan Marmelstein, having to do with fees, user fees that are charged tourists to visit the parks. How is that working out; how is the money used?

Mr. MARMELSTEIN. Mr. Akaka, it seems to be working fairly smoothly now. The money—there was some confusion when we initiated fee collection in September 1977, but it seems to be well known now that we are collecting fees at Kilauea Point, which is the only refuge here where we do that.

The fees that are collected are utilized in the following manner: 70 percent of the fee collection is returned to the Migratory Bird Treaty Fund, which is used to purchase wetlands for refuge use; 30 percent comes back to the refuge, and we use that for various enhancement programs on the refuge.

The only potential impact that we have seen of the fee collection process—but we cannot correlate it; there is a correlation, but there may not be a cause-and-effect—there has been a decrease in visitation at Kilauea Point since we instituted fees. But we are not sure whether that is as a result of fee collection or the changing demographics of tourists on Kauai, who tend to come and stay longer. And therefore, we would not expect repeat visits from those tourists, and that may account for some of the changing visitation patterns.

Mr. AKAKA. Thank you very much, Mr. Marmelstein.

Chairman SKELTON. Thank you. I thank the panel so much for its excellent testimony. It has been very, very good, and you are developing a very thorough record.

I wanted to say to Mr. Marmelstein, we look forward to being with you tomorrow and seeing the refuges you have told us about.

Our brand-new Deputy Under Secretary of Commerce from USTTA, a special thanks for your comments on rural tourism. You struck a responsive chord in this country lawyer here, so I thank you.

Gentlemen, it has been very good, and we do thank you.

The next panel is a panel from the State of Hawaii: Barbara Kim Stanton and Jeanne Schultz. This is the second of three panels of our hearing, composed of Barbara Kim Stanton, Deputy Director, Department of Business and Economic Development; Jeanne Schultz, Deputy Director, Department of Transportation. We will hear from Barbara Kim Stanton first.

TESTIMONY OF BARBARA KIM STANTON, DEPUTY DIRECTOR, DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT, STATE OF HAWAII

Ms. STANTON. Thank you, Mr. Chairman and distinguished Members of Congress.

Unfortunately, the Director of the Department of Business and Economic Development is out of State and so could not be here, but we are very excited about having this opportunity to let you know some of the ways we believe the Federal and State can work together to promote international tourism.

Chairman SKELTON. Just a minute. Go ahead.

Ms. STANTON. Thank you. As is well known, Hawaii has been extremely successful in its endeavors. In 1987, the visitor industry generated $6.6 billion in visitor expenditures, $831 million in State and County tax revenues, and 213,000 jobs.

Our preliminary figures, depending on the source, show that visitor expenditures for last year are even higher, ranging between $8.3 and $9.2 billion. Tourism accounts for one-third of the jobs and revenue generated in Hawaii. As you can see clearly, tourism is big business.

The question that was posed to us was: Well, how did you get to where we are? And this has been a long road. We do have the advantage of natural beauty, Hawaii's an extremely lovely location, and its multiethnic cultural mix. But during the last 3 years, the State has made conscious efforts to develop a tourism policy.

What we have been trying to do in having tourism considered as an export industry is to move people from the main artery, from Oahu out to the neighbor islands, to consider the neighbor islands as a secondary destination. So in our tourism plan, we consider our primary destination to be Waikiki, and then moving them out to our other neighbor islands.

We have been concerned about keeping and retaining the character of our neighbor islands so that we are able to provide a quality experience. We believe that there is a number of ways to go about keeping this fragile balance between the community concerns, environmental concerns, and economic and development concerns. We do this in a number of ways, one of which is through the permitting process, land use designations, and zoning codes. When the hotel resorts or other economic business, tourism-related businesses are planned, they are considered from the point of view of infrastructure, impact upon the community, et cetera.

This has resulted, in some cases, in the State of Hawaii rejecting proposals for tourism even when some of the local residents have asked us to consider promoting or passing a new hotel resort. We look beyond jobs. We feel we have to look at the infrastructure and what it does to the ecology. This is a very broad perspective that the State feels must be taken.

We also feel that a very important component in the tourism promotion program is the visitor industry education program, and this is both for the visitors and the residents. Last year, for the first time, Governor Waihee asked us to do a promotion of cultural tourism activities.

One of the criticisms you sometimes hear is that when the visitor arrives in Hawaii, they already have a predetermined image of Hawaii and are looking for, perhaps, a cellophane hula skirt, et cetera.

We felt that it was important to get into the market place and show them what the real Hawaiian culture is like, and that is why we support such things as the recently-held Smithsonian project on Hawaii that was recently held on the 4th of July; I do not know whether you had the time to see it but those kinds of local arts and crafts are the kinds of things we believe must be strongly supported. We also spend considerable funds on helping local cultural groups, whether it is to record the local culture on film or to have certain hula festivals and arts and crafts promotions in remote areas.

We support federally-funded programs such as Main Street, which we believe retains the best of rural Hawaii while taking advantage of the tourists, because it basically tries to keep the small towns small and allow for visitors to take advantage of the charm of the neighbor islands and the country areas. We really are not in favor of having all of these mom-and-pop stores overhauled into the large shopping complexes. We think that what you need to offer tourists is a wide range of experiences.

This also carries over to what I heard on the earlier panel about agriculture. We often talk to the tourist industry about how the value of the land for hotel resorts and tourist-related activities sometime gets overshadowed when you think of the value you can get from the land, tourist dollar versus the value you are getting from straight agriculture. In our mind, the State believes that keeping certain areas green is one of the best things you can have for tourism.

In that respect, we do encourage the tourist industry to fight just as hard alongside the farmers to keep these areas green, as we believe they are very compatible. In how we develop or get into the community and the general, global area of marketing, we have created a four-tier system. The overall view is given by the State in the Department of Business and Economic Development. While tourism is clearly a major economic force in Hawaii, we try and integrate it with all other industries in Hawaii. For that reason, tourism development and promotion has been the Department of Business and Economic Development.

We cross-pollinate things like development of local products and trying to promote agricultural products with trying to sell them to the tourists. So some of our concern sometimes gets into how to get a crate of papayas into Japan, and we consider that very tourist related. We do believe you need to integrate tourism more into the economy if you are to have a comprehensive program.

Mr. Hong of the Hawaii Visitors Bureau will be covering that area, so I will just tell you that the State funds the Hawaii Visitors Bureau for a considerable amount of their total budget. This past year we funded them $16 million of our $21 million that was allotted for tourism, so we believe that you need a strong marketing arm. It is best carried out by partnership with State and private, and that is why we believe HVB does this best.

They, in turn, have established chapters on the major islands to promote rural tourism, because not all rural tourism is the same. The county of Maui believes that they would like to attract a certain kind of tourist. They were concerned more with the higher-paying tourist going to rather luxurious resorts, and Kauai is going for a different kind of tourist also. So we believe that the chapters need a little latitude, and the counties and the islands need to have the flexibility as to what works best with the community.

We also work very closely with the resort destination associations and other private sector businesses which we will be hearing from this afternoon.

The Governor has submitted written remarks, and the only highlight I would like to mention is that for the Federal Government, we are so dependent on your help in terms of getting us ahead.

Geographically we are isolated, and I mentioned, tourism is our primary industry. So we look to the Federal Government in a number of ways. One of the things we believe would help in this industry is to have the Federal Government ease the clogging at the airport, the port of entry problem, just the red tape, and you discussed that this morning.

The other thing the Federal Government has which is very helpful to the State is they have enormous data on visitors, the international visitor, who comes from where, how long they stay, where they are going on to, et cetera. That kind of data is invaluable when you are talking about marketing, planning infrastructure, and for private businesses, just to know what is coming along the road.

In terms of visitor sites, we do have three sites that are very popular with the visitors that are Federal property. They are the *Arizona* at Pearl Harbor, Punchbowl Cemetery, and Volcano National Park. What we believe would help encourage visitors to these places would be to have something as simple as international signage, to have literature, to have interpreters. We pretty much work with the national centers up to that point, the boundary; but within the center itself and accommodating the visitors, that really is left up to Federal jurisdiction. We think that if somehow we could make it more comfortable for the visitor on the premises, it would certainly go a long way in integrating and welcoming our international visitor.

Another area that we need desperately, and I do not think that is too strong a term, is to have direct flights to the neighbor islands. We do need to secure approval for coterminalization of Statewide airports. This common rating for all airports would allow direct international flights to all airports within the State based on existing bilateral agreements.

We would appreciate very much if the State of Hawaii could be involved more closely as a resource in the bilateral negotiations that directly affect Hawaii. New bilateral agreements should be negotiated and resolved apart from issues that are not related to the Pacific region. We say this because Hawaii is in a very unique position, many times more vulnerable and yet, also, we can serve as springboard for the international visitor to the continental United States. So I think that it is an advantage to both that we can clearly see.

What we also need is increased Federal inspection services at Honolulu International Airport. As I mentioned with the coterminalization, we would need increased staffing, also, on the neighbor islands.

That pretty much concludes my testimony, and I will be happy to answer any questions. Thank you.

[Ms. Stanton's statement may be found in the appendix.]

Chairman SKELTON. Thank you very much.

Jeanne Schultz, Deputy Director, Department of Transportation.

TESTIMONY OF JEANNE K. SCHULTZ, DEPUTY DIRECTOR, STATE DEPARTMENT OF TRANSPORTATION, STATE OF HAWAII

Ms. SCHULTZ. Thank you, Mr. Chairman and members of the subcommittee.

I am presenting the testimony today for the State of Hawaii's Department of Transportation, and I would like to specifically address three areas.

First I would like to say that I am Jeanne Schultz, the Deputy Director for the Department, and I also serve as the Coordinator for Governor Waihee's International Aviation Task Force. We are, on that task force, looking at the specific concerns of international access to Hawaii and expediting travelers through Customs and Immigration. We are also looking at the feasibility of direct flights to the neighbor islands. We are, as Barbara had said, assisted in this effort by DBED and also the Hawaii Visitors Bureau.

I am going to summarize my remarks in the written testimony to three areas: One, the community such as the State of Hawaii needs the congressional support as well as Federal agencies' support in bilateral air rights negotiations.

Second, I would like to touch upon is the need for coordination between the Federal agencies in terms of negotiating bilaterals and then staffing them at our borders.

Third, I will touch on our concerns regarding the Visa Waiver Program, which I think you will find are quite different from some of the Federal Government comments.

First of all, in terms of the air rights negotiations, when you are an island State, international access is vital. It all starts at the airport. Right now, we are working very hard to have Hawaii's interests brought to the foreground of the negotiating process. We are working with the Japan/United States talks; we are going into round six, and I must say it is a bit of a frustrating experience. The United States is operating under a memorandum of understanding from 1985, and I will give you an example of how it affects Hawaii.

We receive almost 50 percent of the Japanese visitors to the United States, and yet we have less than 25 percent of the available seats between the United States and Japan on the Hawaii route, so the load factors are extremely high.

Chairman SKELTON. Say that again.

Ms. SCHULTZ. We have almost 50 percent of the Japanese visitors coming into Hawaii to visit the United States, and yet we have less than 25 percent of the available seats between Japan and the United States on the Hawaii route. So the load factors on the airplanes approach 85 percent.

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That means that when the Japanese visitor calls up their tour operator to try to come to Hawaii, and if their first choice is not available for the day they want to fly, or their second choice is not available for the day they want to fly, it does not necessarily mean that they are going to come to the United States. They may go to Australia or a European destination. That is our major concern right now.

We have been operating with this situation since the last memorandum of understanding in 1985. So we really need your support to urge the State Department to move in this next round, which is taking place in Tokyo in October.

The second area that concerns us is the coordination aspect. Right now, the State Department and the Department of Transportation negotiate——

Chairman SKELTON. You did submit written testimony?

Ms. SCHULTZ. Yes; it is all in here.

The State Department and the Department of Transportation negotiate the bilateral air rights, and then Customs and Immigration have to staff the borders. What is happening is that there does not appear to be a coordinating mechanism within the Federal Government that allows Customs and Immigration to know ahead of time what routes are being negotiated. So if we are successful in getting additional routes to Hawaii, I think Customs and Immigration will find out about the the new routes when we, the airport, go to them or when the carriers go to them.

There does not appear to be an organized coordination with the Federal Government, and as you know, the staffing resources are very hard to come by anyway, and more so in the future. Many more airports on the mainland are becoming active in this, as I am sure Chairman Skelton is aware from his own State of Missouri and other States in the central United States are looking for direct international flights.

The third issue has to do with visa waiver. Here I would like to talk as the airport operator. In the State of Hawaii, the Department of Transportation runs and manages all the highways, the harbors, and the airports on all of the islands. We are the airport operator.

What has been happening since visa waiver started in December 1988, is that the waiting time within the Immigration Hall, even with an increase in staff and increase in the number of stations, has continued to increase. We have our own airport staff monitoring this situation. Unfortunately, I cannot present a very positive picture.

In July 1989, the waiting time was from 10 minutes to 1 hour and 20 minutes for the foreign visitor to stand in line in front of Immigration inspectors. In many cases, the same people had been forced to wait at the gates for 20 to 30 minutes before they even got to the Immigration Hall.

Now, I want to say that the Immigration staff in Hawaii have been doing the best job they can. They are a very dedicated group of people. But they are up against some real operational concerns, and it has to do with the visa waiver.

The first major problem appears to be the form itself. It is confusing, it is cumbersome, it has more pieces of paper than it probably needs, and I think——

Chairman SKELTON. That is always the case.

Ms. SCHULTZ. Right; and I think there are ways that it could be combined with the I-94 form to make it a lot easier.

The one that concerns us from the airport is the problem with the language. Picture, if you will, an English-speaking inspector asking questions of a Japanese-speaking traveler, and you start to get an idea of why the processing rate is so much longer. The questions that used to be asked at the embassy in Japan are now having to be asked on the line at HIA [Honolulu International Airport].

Our own people that are monitoring the situation estimate that it takes from 1½ to 3 minutes to process a person coming in on a visa waiver. When you multiply that by the number of Japanese visitors under visa waiver entering our airport, the increase in time gets us back to that long waiting period. About 80 percent of all the Japanese visitors entering Hawaii are on the visa waiver. Hawaii also receives a good number of the UK visa waivers as well.

It appears that the form and the language are problems, but we also have a bigger problem in Hawaii. Inspection has always, traditionally, lagged behind in staffing resources. Right now—I do not think most people realize this, Honolulu is number four, ranked number four in the United States, in terms of international passengers arriving at HIA.

To give you a very quick example, New York has 225 Immigration inspectors, Miami has 113, LAX has 117, Hawaii has 61. Right now, 14 of those positions are vacant. So as you can see, part of the problem is the number of staffing resources.

I would like to close my verbal portion of the testimony by saying that Congress did recognize this problem back in 1987 when you established a 45-minute congressional guideline. This guideline directs Federal agencies to process arriving international passengers from the door of the plane through Immigration, through Customs and out to the curb within 45 minutes. This even took into account wide-body aircraft arriving simultaneously.

Unfortunately, the inspection agencies do not have the staff to even come close to meeting this guideline, particularly here at Honolulu International. What I would ask is that you consider changing this guideline to a mandate, which I know is going to be extremely difficult to do, but we would like to see the Federal agencies have the budget and a staffing plan that could at least come close to meeting the 45-minute guideline.

I have attached information to this testimony that Governor Waihee presented to the USTTA in June, and also our own attempt to help explain the Visa Waiver Program to our Japanese visitors when they enter. Thank you very much.

[Ms. Schultz's statement may be found in the appendix.]

Chairman SKELTON. Thank you very much. We appreciate both of you testifying. It was very, very helpful.

Do we have questions for this panel? Yes, Mr. Akaka.

Mr. AKAKA. You stated that new bilateral agreements should be negotiated apart from issues that are unrelated to the Pacific

region. Would you be in favor of Hawaii's air routes being negotiated separately from the rest of the United States?

Ms. STANTON. Yes; definitely. We feel that Hawaii, because of its unique situation, in bilateral negotiations should be delinked from whatever is happening in terms of air negotiations to the continental United States. This is based on projections, what we can see happening in the Pacific area. For example, for the last 10 years, you had 45 million passengers coming to the Pacific area, and McDonnell Douglas had predicted that revenue passenger miles in the Pacific could be equal to that in the north Atlantic area by the year 2000.

What you see is a burgeoning of air routes, and Hawaii's concern and lead—in terms of how it leads into the Pacific, south Pacific area, island area in terms of how it helps develop their economy, is critical. So it is in a very unique situation and should not really—it should not be held hostage to some other concerns which would really put the economy at risk here.

Mr. AKAKA. Relating to the rest of the country, I understand that the Japanese Government is encouraging the residents to go abroad, travel abroad. How does this affect the timeframe for increasing the air capacity to the United States?

Ms. STANTON. It would mean that everything should be done as quickly as possible, the next 3 or 4 years, because the Japanese, as you know, launched a Ten Million Program. In 1986, they want to double the number of outbound visitors from 5 million to 10 million by 1991.

Then, what you have happening in Europe is the economic barrier is coming down, and so you have a new target market in Europe by 1992. So you are talking about a period from 1990 to 1995 where the world will be competitive in going after these two markets, and if we do not attract them at this point, they will just go on to other accounts.

Mr. AKAKA. Mr. Chairman, just one question to Jeanne.

You have been suggesting what the Federal agencies may do to speed up the process. What has the State of Hawaii done to speed up the process?

Ms. SCHULTZ. OK. That is a very good question. I do not want you to leave with the feeling that we are not working together, because the the airport management and the Federal inspection services have been working very closely together for a number of years and particularly the last 2 years with this big onslaught of traffic.

We have underway an $800 million expansion program that includes a new international terminal that is now entering the design phase. When we open this terminal in 1992, it will be larger than the Bradley terminal at Los Angeles, with over 100 inspection stations. In the meantime, we have literally pushed out the walls to give the Customs and Immigration staff as much space as possible.

We have hired additional people at State expense to assist the Federal agencies, and we are continuing to support them with requests to the carriers to provide more personnel in the Immigration Hall. The tour operators, at our suggestion, are also providing more people. We are really trying to assist them in every way that we can.

Mr. AKAKA. Thank you very much.

Chairman SKELTON. Mr. Hall, I believe, has a question.

Mr. HALL. Yes, Mr. Chairman, of Ms. Stanton.

Did I understand you to say that a third of the revenue comes from tourism here?

Ms. STANTON. Yes.

Mr. HALL. I am almost amazed that it is that low.

Ms. STANTON. It has been said it might even be 40 percent or so, but the figure we use is about a third of State and county tax revenues at this period.

Mr. HALL. You also stated that the primary destination is Waikiki, and you are undergoing an effort to move some of the traffic in tourists and visitors to other islands. Other than suggesting direct flights and more manpower and womanpower—or personpower—for these other islands, what are your efforts toward that?

Ms. STANTON. In terms of marketing?

Mr. HALL. The effort to remove these people, to get them interested in some of the other islands, other than Oahu, or other than their primary destination in Waikiki.

Ms. STANTON. What we do is, we work with the visitor industry to promote the unique personality or characteristics of the neighbor islands, so I mean, it is strongly marketing, because——

Mr. HALL. It is educational——

Ms. STANTON. It is education.

Mr. HALL. What you really have here, other than right here in the glitter area?

Ms. STANTON. That is right. We are saying, visiting Waikiki or Oahu is not Hawaii. You have to come back again and again, because of the myriad of experiences.

Mr. HALL. Let me ask Ms. Schultz: You have here really in Chairman Skelton and these Members a conduit through which a great deal of information can flow to the Congress, and this is a good time for you to get information to them, because every Member of Congress will be provided with a copy of your testimony here in the form of the report that the staff will write up.

You delineated the long wait and the long lines that all of us has experienced. Very rarely do we remember when we got through just that quick, but we never forget when we are in a large crowd and there are some problems ahead and we were caused to wait. But I think the need is obvious, and more people, but how would you tell this committee and Chairman Skelton in order for him to tell the rest of Congress where it has to emanate, how a decrease in that long wait translates into anything other than an expenditure of more money.

Ms. SCHULTZ. That it is going to cost the U.S. taxpayer more money?

Mr. HALL. Yes.

Ms. SCHULTZ. Is that right?

Mr. HALL. That is what you have to do to get Congress's attention in this time of——

Ms. SCHULTZ. Right; the Governor has been working on and directed us to look at what tourism brings into Hawaii and into the United States. What we have is a very competitive situation, and if our visitors to our airport have these long waits, the chances are

that the next time they have an opportunity to come to Hawaii, they may think twice.

Australia has some beautiful beaches. Europe is putting forth a full effort to get tourists, especially Japanese tourists, and it may be that we will start to see a decline.

So what we are saying is that the additional resources for Federal inspectors is a very small price to pay for that very large increase in tourism dollars that are there, particularly from our Japanese visitors, because they do spend a very large portion, a much greater percentage than any other tourist group worldwide.

Mr. HALL. By the way, on the *Arizona,* when they visit there, there is a voice comes on that describes about the battle and the enemy, they never say Japan—they say the enemy this and the enemy that.

Ms. SCHULTZ. Yes.

Mr. HALL. Is that recording in Japanese, also? The only times I have been out there, about 5 percent of us——

Ms. SCHULTZ. I really don't know.

Mr. HALL. Are other than Japanese.

Ms. STANTON. I do not know, but I do know that *Arizona* is one of the most popular sites for the Japanese.

Mr. HALL. But what you are saying, Ms. Schultz, is that inefficiency is the word that will get back regarding the long line——

Ms. SCHULTZ. Yes.

Mr. HALL. In other words, if I am trying to get a tourist into Texas—about 35 to 40 years ago, long before either of you ladies were born, Texas decided that 10 tourists were equal to 10 bales of cotton and a lot easier to get together. We are competing with you here for that tourism dollar. So all I have to spread the word is that you can get in and out of Dallas-Fort Worth just that quick, but you cannot in Honolulu.

Ms. SCHULTZ. Actually, sir, what I really feel is that——

Mr. HALL. It is not that way in Dallas-Fort Worth. We have the same problems, if that is any help to you.

Ms. SCHULTZ. No; I know that you do. I just came through there from Germany, actually. I know what you are talking about.

It is very obvious that on one hand, we are really trying to promote tourism in our whole country; on the other hand, we have some very severe bottlenecks to tourism. I think what we are finding out here in Hawaii could be of assistance in many, many other ports in the United States because we are getting hit first and hardest, especially with the Visa Waiver Program.

Mr. HALL. Thank you.

Thank you, Mr. Chairman.

Chairman SKELTON. Mr. Hayes.

Mr. HAYES. Very brief, Mr. Chairman. I want to raise this with Ms. Schultz.

You say you are very clear that the Honolulu International Airport, that you do not—you rank fourth in number of passengers at international airports, non-U.S. passengers, foreign passengers, so to speak, that use that airport.

Ms. SCHULTZ. Yes.

Mr. HAYES. You compare the number of inspectors, INS inspectors with New York and Miami.

Ms. SCHULTZ. Yes.

Mr. HAYES. You say only 61 have been assigned here to the Honolulu Airport, which contributes to the delay of——

Ms. SCHULTZ. That is correct.

Mr. HAYES. People being processed.

Now, you said there are 16 vacancies. Are those 16 vacancies a part of the 61? Why are they still vacant if the need is so great?

Ms. SCHULTZ. A lot of this has to do with how the moneys are being expended. We have to compete for positions from the western region, and of course they then have to go back to the central office. Right now there are 14 vacancies, rather than the 16, and I understand they cannot even begin to be filled until October 1 when the new fiscal year begins.

The unfortunate part with this—and I will just very briefly bring it up—it takes almost 15 months to bring on a new inspector. So even if we can get started filling these vacancies in October of this year, it will be well into 1990 before we see the benefit of that.

My concern is for us, of course, but also for all ports in the country, that we need to get ahead of this curve if we are going to really be serious about promoting international tourism.

Mr. HAYES. Fifteen months?

Ms. SCHULTZ. Yes; to recruit, hire, security check and train inspectors.

Mr. HAYES. You said, more money; the need is for more money. That means, more tax dollars, Federal tax dollars? Is it the money that is keeping you from getting them, other than the time?

Ms. SCHULTZ. I do not think that is the entire problem with Immigration, because they have the user-fee fund——

Mr. HAYES. That is what I thought.

Ms. SCHULTZ. That they should be able to utilize.

My concern—and perhaps the Congress could be monitoring this also—is that the user-fee fund be used for inspectors. I really feel that with the amount that is being generated, there should be more staffing for not just Honolulu but all ports, particularly when they are being impacted by something like the Visa Waiver Program.

Mr. HAYES. Thank you.

Chairman SKELTON. Thank you so much. Very, very helpful. I appreciate it.

Our last panel: Clement Judd, Stanley Hong, Masao Hayashi, William Cataldo, Paul Tribolet.

Mr. Judd, Mr. Hong, Mr. Hayashi, Mr. Cataldo, Mr. Tribolet, in that order. You will receive the 5-minute admonition. Please hold your comments to within 5 minutes. Your prepared testimony, per prior arrangement and agreement on this committee, will be placed it in its entirety on the record, and we ask that you hold your personal contents to a summary of your testimony in 5 minutes.

Clement Judd, executive director, Hawaii Hotel Association.

TESTIMONY OF CLEMENT JUDD, JR., EXECUTIVE DIRECTOR, HAWAII HOTEL ASSOCIATION

Mr. JUDD. Thank you. Aloha, good morning. I am Clem Judd, the executive director of the Hawii Hotel Association. You have received our written testimony, and I will be very short, since I think it would be more important that you hear some of the other panelists in getting to the questions and answers.

We will just make a few comments on international tourism, and primarily, the role of the Government in this area. We did attach a copy of our testimony that we did submit on the USTTA budget, and it is self-explanatory.

We have been strong advocates of the Visa Waiver Program in the past, and we do support its expansion. You have already heard the need to welcome our foreign visitors with a little more aloha spirit in our Customs and Immigration. We do realize they have a very tough task, but we think we can do it in a friendly, efficient manner, and we do encourage further efforts here.

I think the most important thing we need is a strong tourism policy at the Federal level. The positions of past Federal administrations have been very lukewarm in this area, and I think if not for the support of Members of Congress, we probably would have lost USTTA several years ago.

Chairman SKELTON. I do not think there is any question about that.

Mr. JUDD. Yes; I really wanted today to just come forward—too often, we constituents criticize performance of our elected officials, and I just wanted to come forward and thank the Congress for its support and, particularly, the Congressional Travel and Tourism Caucus. I think three of you are members of that steering committee, and I will be happy to answer any questions later on after the panel. We do thank you for coming up here.

[Mr. Judd's statement may be found in the appendix.]

Chairman SKELTON. Thank you, Mr. Judd.

Stanley Hong, president, Hawaii Visitors Bureau.

TESTIMONY OF STANLEY HONG, PRESIDENT, HAWAII VISITORS BUREAU

Mr. HONG. Mr. Chairman, it is good to see you again.

Chairman SKELTON. Good to see you.

Mr. HONG. I remember meeting you in Washington, being introduced by Congressman Akaka earlier this year. Members of the committee, welcome to Hawaii.

I would like to get right to the subject matter to which you've assigned us, international tourism and secondary marketing. As you know, we hâve already submitted to the record our statement.

The U.S. Tourism and Travel Administration is a very competent organization, but it needs more resources. As you mentioned previously, Congress has saved it from extinction.

Chairman SKELTON. It is lucky to be alive, lucky to be alive.

Mr. HONG. That is correct. Luck, and its budget is something on the level of about $13 million. To try and man a staff——

Chairman SKELTON. Let me interrupt you right here.

Mr. HONG. Yes; go ahead.

Chairman SKELTON. The State of Pennsylvania spends exactly he same amount of money to entice people to come to that great tate as the United States of America does through USTTA, not a ery good commentary.

Mr. HONG. That is right. I agree with you completely, Congressnan, and I was going to point that out. I think that the level of unding for the USTTA is something like $13 million. For it to try nd maintain all of its offices, et cetera, with a small budget leaves t with almost no resources with which to make programs. In the ast, the HVB had a similar situation with regards to limited fundng.

Under the present administration and Governor Waihee, our funding has truly increased. We have offices now in Tokyo and London, and also by contract, offices in Australia, New Zealand, Canada, and Hong Kong. We recently opened our Hong Kong office and we just opened an HVB office in Frankfurt, West Germany.

Our experience is that just having an office is not sufficient, even though it is good for communication and public relations. You need the funding to actually go out and do the promotion with the travel agents and the large travel companies to entice them to come—and promote them to come to Hawaii. So I would strongly recommend—and as you also agree—to continue to support with stronger funding for the USTTA.

It was already alluded to by Ms. Schultz, to facilitate procedures and expeditious movement of foreign visitors as they come into the ports of entry. The Visa Waiver Program is only as good as, and it will be successful as we can expeditiously welcome visitors and process them through the ports of entry. So that program is a big plus in helping the foreign visitor decide and make up their minds to come to the United States. But if they cannot be moved expeditiously through the process, then it is a problem.

The question was asked by, I believe, Congressman Hayes: What do you suggest we do other than spending more tourism and tax dollars to get them through? One is, to consider what many other countries now use to help more people through the green door exit. That is, a foreign visitor is asked: "Do you have anything to declare?" If you do not, they exit through the green door. That is one way.

Another way is to implement a random inspection system. I have asked our Immigration and Customs officials many times, what has been the percentage of violations that they have found in their inspections, on a person-to-person basis? They have admitted that it has not been very high. Perhaps, then a random percentage inspection should be made, maybe 1 in every 5, 1 in every 10. Inspect only those people who have characteristics, et cetera. With so many people coming through, it is simply not possible to spend an hour and a half or more on each one, just not possible. But that is just a suggestion.

Also, I need to put in a plug for Hawaii because, as was mentioned by both Ms. Stanton and Ms. Schultz, our situation in Hawaii is very unique. We are an island State, and we depend wholly on air transportation, both domestic and international, for our very life's blood. Especially, of course, on the international tourism front, without adequate seating and planes coming in, it is

a lost cause. We do need to really have more seating capacity in Hawaii.

I was just in Hong Kong 2 weeks ago, opening our new office there and meeting with about 30 top travel agents in the visitor industry in Hong Kong. They reported that people from Hong Kong like to visit Hawaii, but they can only guarantee their clients passage from Hong Kong to Tokyo. Once they reach Tokyo, there is no way they can get seat capacity out of Tokyo to Hawaii. That is a big problem. So all the promotion and marketing that we do is frustrated by that lack of seating capacity.

On the secondary markets, I believe that the United States needs a plan. The State of Hawaii fortunately, some time ago through its legislature and State Government, passed a State Tourism Functional Plan which mandates the planning of what should be done and how we should approach tourism, because it is such a vital industry to our State.

Although we are a private, nonprofit corporation, the Hawaii Visitors Bureau, by contract, works very closely with the State Department of Business and Economic Development as well as with our visitor industry in a partnership, to try to pull all of our marketing resources together. This needs to be done on a larger scale by the USTTA. If USTTA had more funding, they could co-op with a lot of the States in doing much of their promotion.

I must say that the State of Hawaii, under this administration, has been extremely generous in recognizing what is needed in international tourism. The funding and commitment are there. That is really what Hawaii needs for international marketing—and that is what the USTTA needs.

That is all I have. Thank you.

[Mr. Hong's statement may be found in the appendix.]

Chairman SKELTON. Thank you so much.

Mr. Hayashi, president, Japan Travel Bureau.

TESTIMONY OF MASAO HAYASHI, EXECUTIVE VICE PRESIDENT AND GENERAL MANAGER, HAWAII DIVISION, JTB INTERNATIONAL, JAPAN TRAVEL BUREAU

Mr. HAYASHI. Thank you. Good morning, Chairman Skelton, Congressman Hayes, Congressman Akaka, and Congressman Hall. My name is Masao Hayashi. I am executive vice president and general manager of the Hawaii division of Japan Travel Bureau, JTB International.

We have been in business in Hawaii for 25 years and have enjoyed much success in promoting the islands as the prime overseas destination for Japanese travelers, and hope that we are contributing to the continued growth of the State's top industry.

In fact, of the nearly 1.3 million Japanese who visited Hawaii last year, more than 200,000 were our clients. We predict that by 1992, the number of Japanese visitors traveling to Hawaii alone will possibly reach beyond the 2 million mark, quite a remarkable figure.

This projection is not guaranteed by all means. Strong competition is emerging throughout the world. Europe and Australia have proven to be very adept at attracting growing numbers of Japa-

nese, and other nations are likewise demonstrating considerable aggressiveness and skill in competing for their share of the foreign visitor market.

Despite the increase in competition, we are quite optimistic about Hawaii's abilities to keep its hold on the major share of the Japanese visitor market. But Congress and Federal Government will have a critical role to play if Hawaii is to retain this enviable position.

In that regard, the Visa Waiver Pilot Program you enacted nearly a year ago has been an unqualified success, and we hope you make it permanent. We have witnessed a significant increase in what we call last-minute bookings to this country, now that travelers no longer have to wait for their visa clearances. It has enabled Japanese to travel on as little as a day's notice.

So the bottom line is that Japanese travelers are becoming much like American travelers in the sense that they now have greater freedom and flexibility to travel abroad, and Hawaii and the United States are the beneficiaries.

Visa waivers have curtailed the long lines that used to be commonplace at the U.S. Embassy in Japan. Unfortunately, it appears as if those long lines of Japanese have been merely transported across the Pacific to Hawaii. Today, instead of waiting at the U.S. Embassy, now Japanese have to wait at the HIA [Honolulu International Airport], for their Customs and Immigration clearances.

I do want to make, however, the distinction that the success of the Visa Waiver Pilot Program is unrelated to the congestion at Honolulu Airport, because the local airport congestion was with us long before the visa waivers were established.

I really hate to do this at this stage again, but you should know that many Japanese tourists view the Honolulu entry system for foreign arrivals, unfortunately, as one of the worst in the world. Word has spread quickly among travelers that waits of 2 to 3 hours are common for Customs and Immigration.

We need only put ourselves in the place of these visitors to realize that such a frustrating and time-consuming ordeal makes a strong and negative impression on the initial and overall perceptions of their hosts. They can just as easily bypass Hawaii and fly on to other foreign destinations, which may have very efficient entry systems. So once they bypass Hawaii, it will be very difficult to lure them back.

The problem is two-fold. First, almost all overseas flights arrive during morning hours, requiring thousands of travelers each day to arrive in a narrow window that places an unnecessary burden on airport infrastructure and the Customs and Immigration staff and taxes the patience of the travelers.

Second is the Customs and Immigration system at HIA. Clearances require waits of anywhere from 1 to 3 hours. A recently-completed survey of our company's clients, JTB clients, revealed that about 75 to 80 percent of them waited an average of one to two hours for their clearances in Honolulu. This is a 6-months survey.

The Immigration recently created a new and unique queuing system to serve foreign travelers. I think it is working very well. But we are still wary that we will return to the long lines again.

We of course acknowledge the efforts of the U.S. Customs and Immigration Services, and of course the DOT here. They have done all they can to streamline the system, but it has not been enough. We know that there is space limitations, personnel shortages and various restrictions for operations. But we cannot permit this situation to continue before frustrated visitors go elsewhere.

In the visitor industry as a whole, another problem that we face is a general manpower shortage, i.e., Japanese-speaking staff shortage. Overall, we simply do not have enough bilingual travel agent staff, tour guides, hotel personnel, restaurant personnel, and retail store sales clerks and other key staff. Here again, I think the Congress can alleviate the problem by making it easier for Japanese nationals to be temporarily employed in the United States.

As you may well know, Australia and Canada already have a system called, working holiday visa, I believe. It has enabled them to find the additional trained people need to build their visitor industries. You might also consider permitting families of foreigners on E-1 visas—they call it 3-T trader visas—to work in the United States as another means of meeting the demand for bilingual workers.

Hawaii can and will enjoy a large measure of success as a prime destination for Japanese travelers, but your support will be very critical to the future of this State. Therefore, based on our experiences, we would like to offer the following recommendations:

Number one, the Visa Waiver Pilot Program should be made permanent. It has proven to be highly popular and a tremendous incentive in attracting more travelers to come to Hawaii and the United States.

Number two, local U.S. Customs and Immigration Services must have a greater level of funding support to accommodate the rapidly increasing demands on their limited personnel and resources.

Number three, the Federal Government should establish a Customs and Immigration operation on one of the neighbor islands as soon as possible. This would reduce the burden on the Honolulu International Airport while improving the volume of direct passenger traffic to destinations outside Oahu.

Number four, Congress should ease visa restrictions to enable foreigners and their families to work for short periods in America.

These are, we believe, the modest steps which Congress can take that will enable Hawaii to solidify and expand its status as the prime overseas destination for the Japanese. Without congressional support, Hawaii will be unable to meet the challenges of this growing marketplace.

On behalf of JTB International, thank you for the opportunity. Thanks very much.

[Mr. Hayashi's statement may be found in the appendix.]

Chairman SKELTON. Thank you very much.

William Cataldo, President/Owner, Aloha Unlimited Travel Services and Royal Prince, Inc., dinner cruises.

ESTIMONY OF WILLIAM CATALDO, PRESIDENT/OWNER, ALOHA UNLIMITED, INC., AND THE ROYAL PRINCE, INC.

Mr. CATALDO. Aloha, Chairman Skelton, Congressman Akaka, ongressman Hall, and Congressman Hayes.

Aloha Unlimited is a Hawaii corporation founded in 1978 with 20 employees, and we provide services to over 200,000 arriving isitors each year. These services would include hotel reservations, ransportation, and leisure activities.

In 1989, Aloha Unlimited will service approximately 50,000 arriv- ng passengers from the United Kingdom, Canada, Australia, New ealand, and French Polynesia. I would like to make some com- nents on promotion of secondary destinations and the role of the ederal Government in promoting international tourism.

Before I get into that, I agree with everybody here that the Visa Vaiver Program is clearly an improvement and should be made ermanent. The program that was initiated in the United Kingdom ast year, in 1988, was certainly a factor which has resulted in new charter flight service to both Hawaii and California, and also in- creased charter service to Florida during Florida's off-season, that has created a mini-business-boom for that State in the off-season.

The visa waiver has enabled tour companies to accommodate travelers who do make last-minute decisions to travel, especially Hawaii; we are seeing that people are booking as close as 2 weeks from departure date.

On secondary destinations, as an example, a European tour com- pany currently advertises a Hawaii package for $600 that would in- clude 2 weeks at a Waikiki hotel and roundtrip airfare. This is clearly attractive to a United Kingdom resident who would like to visit a destination like Hawaii.

Their Two Centre Program, as they call it, or two-island package, would be at a higher rate and would include both Waikiki and a visit to a Neighbor Island. So these prices are very impacting and have proven to be very successful in the United Kingdom market.

European and Canadian tour companies successfully promote secondary destinations in both California and Florida. By using an inclusive package with a car rental, tour companies featured 7- night stays in Orlando and Fort Lauderdale, Miami and Key West, Los Angeles and San Francisco, Los Angeles and Las Vegas, and many other combinations.

Attractions such as Disneyland, Disney World, Kennedy Space Center, national parks, Knotts Berry Farm and the Grand Canyon were used in promotional literature to sell multiple destinations.

In Hawaii, impulse or after-arrival in Honolulu purchases of packages to other islands are very attractive to visitors from for- eign countries. The strength of other currencies against the U.S. dollar makes these passages very attractive. A Maui or Kauai fly- drive package including airfare and a rental car sells for about $75 a person, which is a great value to these visitors.

Balancing this type of growth the a secondary destination and maintaining the character of the outlying community can be diffi- cult. The islands of Maui and County now have a large amount of rental cars which have resulted in a very substantial increase in traffic in those rural areas.

I would also like to comment on the issue of international tourism. I feel that the U.S. Government's role in helping the U.S. and individual States compete for international travelers' business is vital to achieve any level of success.

The U.S. airport experience, which has been talked about a lot this morning, for many international travelers is very impacting in that the Customs clearance is necessary but the sense of not being welcomed in Hawaii is certainly an issue to be addressed. Many visitors feel that the experience is an ordeal that is not necessary.

I feel that the U.S. Government should assist individual States and airports in making the travelers feel welcomed and processed in an efficient and friendly manner. State visitors bureaus such as the Hawaii Visitors Bureau need to work hand-in-hand with airlines and tour companies to welcome these international travelers.

As an example, the first charter flight from Europe arrived in Honolulu this year. The State's Department of Business and Economic Development spearheaded an effort where the airport management, Hawaii Visitors Bureau, Customs—the U.S. Government—and the private sector all worked together in meeting this first flight.

The result was a wonderful arrival experience for passengers who flew 14 hours to Hawaii. So the airport arranged a convenient gate for the arrival of the flight. U.S. Customs had a maximum number of inspectors to expedite the passengers through Customs. The Visitors Bureau arranged an "Aloha & Welcome" banner and fresh pineapple juice, musicians and hula dancers and goodie bags with Hawaiian souvenirs. Our Governor was at the arrival to welcome these visitors from the United Kingdom. The airport arranged for a special area to conveniently position motor coaches for transportation to Waikiki hotels.

The United Kingdom tour operator was so impressed with the cooperation that he received from the State that they have renewed their program for 1990 and, in fact, plan on expanding it in 1990. The program has been very successful.

I feel that the U.S. Government could focus on a campaign to educate communities in U.S. cities that are interested in international travelers' business. The destinations that are best prepared to service the needs of these travelers will be in the best position to build that business.

Thank you for this opportunity to share my comments with you.

[Mr. Cataldo's statement may be found in the appendix.]

Chairman SKELTON. Thank you very much.

Paul Tribolet, Senior Vice President and Director of Marketing of the Sheraton Hotels. Paul.

TESTIMONY OF PAUL TRIBOLET, SENIOR VICE PRESIDENT AND DIRECTOR OF MARKETING, SHERATON HOTELS

Mr. TRIBOLET. Chairman, Skelton, Congressmen Hall, Hayes and Akaka, good morning, again.

On behalf of Sheraton Hotels in Hawaii, and as a member of the Hawaii Hotel Association, I want to thank you for giving me this opportunity.

I will share with you our experience in marketing Hawaii's sec-
dary destinations to the global market. As Bill Cataldo and
asao Hayashi have just told you, the Visa Waiver Pilot Program
s had a positive impact on the marketing of Hawaii, and we fully
pport its continuation.

The Visa Waiver Program's success can clearly be seen in the
npact it has made on travel to Hawaii from Asia, especially from
apan. But it can also be seen in the increase in travel from
urope. This program has given those who sell Hawaii a valuable
ew marketing tool to promote this destination.

It allows us to pursue the upscale European, Asian and Austra-
an traveler who makes a last-minute decision to travel, an obser-
ation which has been made before. The lack of visa restrictions
as made Hawaii a destination possibility for this very lucrative
narket.

From personal experience, I know how hard it used to be to get a
isa from the embassies abroad. You may remember the days when
ecurity was a major issue and the embassies —it was a one-by-one
ntrance to the embassy which delayed the visa issuance dramati-
ally. There were long lines, and the wait could be from hours to
lays long.

This Visa Waiver Program encourages travel to the United
States and subsequently to Hawaii by eliminating the inconven-
ence that adds one more obstacle to choosing a holiday destina-
ion.

Hawaii's success as a promoter and developer of secondary desti-
nation lies in its understanding that each one of our islands is a
destination unto itself, each possessing a unique personality that
provides for our visitors to Hawaii to visit seven destinations in
one.

This is a key factor in our success, for it brings to Hawaii that
most treasured market segment, the repeat visitor. We have the
ability to provide again and again a similar yet strikingly different
vacation experience. Hawaii has vacation experiences that span the
seasons of one's life.

We find that the younger visitors wants the sun, sand and surf,
but they are also primarily attracted to the night life of cosmopoli-
tan destinations. For those visitors, Oahu and Waikiki is the per-
fect vacation paradise.

Those who are a little older who are looking for a vacation to
escape the big city stress prefer the quiet beauty of Hawaii's neigh-
bor islands, where the pace is relaxing and the activity of the day
gives way to gentle sunsets and calming moonlight.

The mature traveler prefers to learn more about the history and
cultural aspects of our island history. They choose their destina-
tions based upon their desired activity level. Hawaii's neighbor is-
lands are the protectors of our island culture and history, a charm
that is vital to our continuing success as a vacation destination.

In the last 2 years, we have seen a renaissance on Oahu, a
reawakening to the understanding that what makes Hawaii so rare
is not that we meet the special demands of the more sophisticated
traveler, but that we meet the expectation they have of Hawaii as
a paradise.

With so many experiences that Hawaii can offer, we are able to target our marketing efforts to specific statements. The Australians love the activity of Waikiki, while Europeans who are more familiar with the cosmopolitan city life prefer to spend their vacation on a deserted beach on Kauai.

It is not easy. This is a destination that has evolved from the wave of tourists who traveled to its shores in the 1950's and 1960's. The sophisticated traveler of this decade demanded that we become creative in our marketing efforts to enable us to get the repeat business.

We continue to expand our horizons to attract different markets, and then to insure that we have enough airseat capacity to accommodate that growth.

This development in our life as a destination has not been without its growing pains. Sheraton Hotels, for example, has been involved in this industry of tourism since Hawaii became a State in 1959.

The Sheraton Moana was the first hotel built on Waikiki Beach in 1901 and the Sheraton Royal Hawaiian became the Pacific's Pink Palace in 1927. These two historic landmarks have stood the test of time and have been successful by accepting and meeting the challenge of staying competitive in an ever-changing world.

To remain as two of Waikiki's grand ladies of hospitality, we, like many of our industry peers and those in the public and private sector, have in the last few years given ourselves a facelift. Millions of dollars have been spent in capital improvement to get us ready to greet the next century of travelers to Hawaii.

Our success will be measured by our ability to keep alive the Hawaii that people dream about, the allure of these islands that has beckoned travelers to their shores for more than a century, for truly there are other resort destinations that offer fine facilities, white sand beaches and beauty unspoiled by highrise development much closer to home that Hawaii.

However, our success in the global marketplace is dependent on the spirit that is Hawaii's trademark.

The spirit of aloha will continue to nurture and promote those values. While we and sales and marketing executives have been blessed with the beauty of seven different island destinations, we must continue to nurture not only that spirit of aloha, but the competitive spirit that creates a pride of destination.

Our success depends on our ability to listen well to our clients, to be flexible to market trends and world conditions, and not to fight them. Our success hinges on our commitment to match the expectations of the visitors with the destinations within Hawaii that makes their dreams come true.

Thank you very much for listening to me.

[Mr. Tribolet's statement may be found in the appendix.]

Chairman SKELTON. Paul, your word pictures of Hawaii are outstanding. You make us want to hurry up and get outside and enjoy being here. Thank you.

Gentlemen, we appreciate your being with us. We do have a few questions, I am sure.

Mr. HAYES. I am going to be very brief, Mr. Chairman. I want to get outside, too.

But there is one thing that just bothers me. We are going rough a period now, when you talk about hotel associations—I ink I might direct my question to you, Mr. Judd.

We have got many of the acquisitions of hotels now taking place, anges. I noticed yesterday, the Holiday Inns—I think somebody om the United Kingdom purchased that. We have got the new panese acquisitions, even in a place like Chicago.

It is hard to convince the average American person—the Sheran, I do not know and you may not know how long it will be here, u know. It is hard to convince the investment of tax dollars of r American citizens in these kinds of entities that may be saying odbye once we do that.

Jobs go down the drain in many instances. Wages are reduced in any instances. These are the things that we have to face as Mmembers—I do—as Members of Congress, how to protect, as we make ese kinds of legislative moves, the interests of our people right ere. This is a real problem. I do not know whether you want to ddress yourself personally——

Mr. JUDD. I would be happy to react, Congressman. I will only peak, of course, from the Hawaii point of view. Mr. Hayes. That is nited States, you know.

Mr. HAYES. That is us.

Mr. JUDD. We are a capital-short area. We have found that the nvestment in Hawaii's hotels has been very positive. It has allowed the refurbishing of our properties that Mr. Tribolet referred o. We have found that the new owners, no matter what their thnic background, have actually allowed us to upgrade our facilies.

We do still see professional hotel management in place. We are ery comfortable with it, and I think that statistics show that the reatest foreign investor in the world happens to be the American oing outside the United States, rather than foreigners coming to America. So we have seen it as a positive thing in our community here, as far as upgrading and being attractive, so we have no problem with it.

Mr. HAYES. I am not too sure our outside investment is what you ay it is anymore.

Mr. HALL. No, Mr. Chairman, that has changed, as I am told, that we are not investing in other countries to the extent that other countries are investing in us, and that statistic is increasing which is disturbing to many U.S. taxpayers.

Mr. JUDD. I apologize if it is incorrect, but I believe I read it only in the last 2 weeks.

Mr. HALL. It may have changed. I hope so. Mr. Skelton makes things happen pretty fast.

Mr. JUDD. Yes; I noticed they changed their forms here on the Federal level very quickly.

Chairman SKELTON. Mr. Hall?

Mr. HALL. Yes; I think Mr. Hong talked about needing funds to advertise. Where that advertising dollar should come from?

You do need funds to advertise. We have a place in the United States called Pikes Peak that is highly advertised, but when you get there, there are about five other peaks which are higher. It is the advertising that attracts tourists.

I have found things here—and I am still a little bit alarmed and disturbed somewhat to be categorized as old folks, because I am on Kauai and I think that is out of the herty-gerty row, but it has its charm, as you all have testified.

But talk about advertising—I just stumbled into a hotel over there that if it is advertised, it would attract people from all over the world just to see it. They ought to charge to see that Westin Hotel there—well, Lihue, I believe it is. I have been in hotels forever, all over the world, and I have not seen anything like that.

I am sure that I have just scratched the surface, that your Sheraton hotels and others are just as opulent. But you do need advertising, and I do not know whether you really want more tourists or not. Sometimes some of us tourists want fewer tourists. For example, Colorado is comprised of people from Iowa who do not want any more Texans to end up there.

So you have a lot of things to crank into the computer when you are attracting tourists. It seems to me that—and you may want to comment, Mr. Hong, on——

Mr. HONG. Yes, Mr. Congressman.

Mr. HALL. Where the money is to come from. You mentioned that you needed more money for advertising.

Mr. HONG. There are two points I was trying to make, one is our own experience in the State of Hawaii. The reason that we have been relatively successful is because we have had State funding, taxpayers' funding. We recognize that it is a good investment, because it is our number one industry, unlike other States.

I think that Hawaii may be the only State—there may be others that are catching up and recognizing that tourism could become their number one industry—that the State has committed itself to spending a lot of money on promotion and marketing, having our offices.

We have 80 or 90 employees who are working full time at this. I think Ms. Stanton mentioned that this year, the present budget from the State directly to us would be about $16 million, and another $2 million to our neighbor island chapters and offices, so that is $18 million-plus from the State.

Then the private sector does its own advertising, the Sheratons, the Hiltons, the Westins, United Airlines, millions of dollars more are poured in that as well as private sector money, membership ourselves. So our budget is close to $19 million dollars in the next fiscal year.

The point I am trying to make is that this combination of public and private moneys needs to be brought forward on the same basis for the USTTA. If the USTTA had some funding which they could use for advertising and marketing of the United States in cooperation with State cooperative programs, it would greatly assist them in attracting visitors to the United States.

Mr. HALL. You hit on the word, combination or cooperation. Mr. Cataldo spoke of the cooperation exhibited in that first charter flight from the European area here. I also heard the statistic of 75 to 80 percent have a 1 to 2 hour wait here. I think that came from Mr. Hayashi.

Where is that hold-up, Mr. Hayashi? Is it at Customs? Is that basically where the hold-up is, the 1 to 2 hours?

Mr. HAYASHI. It is very difficult to just simply define, because y such research was made at the point of arrival——
Mr. HALL. From the time that they get off the plane to the time at they get to the cab or the limousine.
Mr. HAYASHI. The way we checked it is the first passenger ar- ed on the so-and-so flight, and the last passenger arrived on the and-so flight, so we checked each flight and the average—the ne they spent.
Mr. HALL. It has got to be either in Customs or INS, does it not, e of the two? Is not that the only bottleneck, so to speak, that u could have there? Are there others?
Mr. HAYASHI. I think it is very difficult to say which, Immigra- n and Customs, really.
Mr. HALL. OK. It is between the two of them, and we will not put e goat's saddle on either one of you. But it is there.
As I have just been sitting here listening, when we talk about peration, has there ever been any thought of the State here and ur international tourism organization, including the Japanese avel Bureau and Federal Government maybe spending some oney on putting the Customs employee on that airplane, to work e group on the way here? Surely there is a way to lessen that ng wait, other than just overpowering this airport with additional deral employees.
Mr. HONG. If I might, Congressman, I think Ms. Schultz can swer that question, because I think the State has offered fund- g.
Mr. HALL. You have got two jewels here in Ms. Schultz and Ms. anton. I have a sneaking feeling that if you turned some of this er to them, then we would get some more efficiency into this op- ation, and the others like them.
Mr. HONG. I agree. The State has offered to fund positions, and I ink——
Mr. HALL. Would that not make sense?
Mr. HONG. It has been turned down by the Federal Government.
Mr. HALL. For anyone who wanted to be bothered on the air- ane, that would lessen their weight in the airport? I have had my and stamped, going into some of these joints here, you know, and ou go out and come in all you want to, put your hand under the ght. Maybe they could just stamp their hand if they had already een processed. That is a simplification of it, but is that not some- ing to think about?
I gave back my time, Mr. Chairman.
Chairman SKELTON. Mr. Akaka.
Mr. HALL. Apparently my suggestion does not work.
Mr. AKAKA. Thank you very much, Mr. Chairman.
I want to thank the panel for your testimonies. I am glad to hear enerally that you are all in favor of visa waivers. I am sure you re very well aware of the obstacles we have, of which one is re- ources.
Hawaii taxpayers are supporting tourism by $16 million plus $2 illion by the private sector, and when we think of USTTA being unded for $13 million, it really does not make sense. But I hope hose figures can be used to increase the amount of money that ill go to USTTA in the future.

I want to ask Mr. Masao Hayashi just a small question, and that has to do with the publication of Japanese literature to its tourists. How much of that are you getting now? I know Jeanne Schultz did not mention that the State publishes some of the brochures in Japanese. My question to you is: How important is this to the Japanese tourists?

Mr. HAYASHI. Congressman, your question is: Is it important for us to——

Mr. AKAKA. Yes.

Mr. HAYASHI. For the Japanese travelers to see things written in Japanese? Yes; it is very much so, and I think it has been done adequately.

Mr. AKAKA. Are there any complaints from the Japanese tourists in particular about the kind of processing service that they receive here, that comes back to Immigration and Customs? We know as you have pointed out that they have waited 2 to 3 hours to be processed. But coming particularly from Japanese tourists, are there any—can you pinpoint any complaint that maybe can help us to improve it?

Mr. HAYASHI. We are receiving quite a number of complaints about Customs inspection area that many tourists were asked to submit the wallets, and then—and each dollar bill is counted right in front of them, which in many cases is really a humiliating experience. We understand the reason to confirm declared amounts and whether they really have that or not.

But this is the kind of complaint we receive constantly. I think this is really nonsense. It does not really make sense at all. Very strange, but this is reality. Perhaps, actually, we could address the same thing. There are many complaints, too, to the HVB by the Japanese tourist of a similar nature.

Mr. AKAKA. Again, I want to say thanks very much to all of you. You have been very helpful.

Thank you, Mr. Chairman.

Mr. HONG. May I make one point, Mr. Chairman.

Chairman SKELTON. Mr. Hong.

Mr. HONG. I want to address the U.S. citizen bypass program. Up to about a month ago, whether you know it or not, there was a U.S. returning citizen bypass program whereby there is a separate line set——

Chairman SKELTON. Yes.

Mr. HONG. There is a line set aside by Immigration. U.S. citizens could simply show their passport, and quickly move through Immigration. Unfortunately, Immigration has now cancelled that program. I cannot understand the logic of it, because now it throws the U.S. citizens into the mass line with the foreign visitors.

We have brought it to the attention of the USTTA, their new Under Secretary, and he says he will be following it to see what explanation could be made of that.

Chairman SKELTON. I did not realize that, because just a few weeks ago coming back from Great Britain, we had a separate line.

Mr. HONG. They have cancelled it in the Port of Honolulu, right here. Maybe they have not reached other ports of entry.

Chairman SKELTON. We can follow through an inquiry on that.

I have a question, Mr. Hayashi. You mentioned the working vacation visa that Australia and Canada have to supplement the bilateral work force, and I suppose it is limited to those who can help in translation services; is that right?

Mr. HAYASHI. Just to give you one example, we have our own office in Sydney, Australia, and of the 70 employees, there is about 14 of them are on working holiday visa, which is just about 20 percent, so it really is an important work force, at least in Australia. We hear the similar comments from our Canada office, as well.

Chairman SKELTON. I want to thank the Members of Congress that are here. Congressman Charles Hayes, I know, at great sacrifice of his own is here. We do appreciate Congressman Ralph Hall. This is above and beyond. It is good of you to do this, the greatest—a great help in this, really. Dan Akaka, as usual, you outdo yourself. I leaned over a few minutes ago, and I asked the staff assistant, Russ Orban: "Where did we come up with all these outstanding witnesses?" And he said, "Dan Akaka and his staff, Bob Ogawa." A special thanks to Congressman Dan Akaka, a good friend, for making this such a successful hearing.

[Whereupon, the subcommittee was adjourned, subject to the call of the Chair.]

APPENDIX

Testimony of James L. Buck
Acting Commissioner, INS
concerning the Visa Waiver Pilot Program
August 25, 1989

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before you today to express the views of the Immigration and Naturalization Service on the Visa Waiver Pilot Program as it relates to international tourism and its impact on small business. The Department of Justice and the Immigration and Naturalization Service have been committed to the effort of successfully implementing the waiver program to promote international travel and tourism.

Visa Waiver Pilot Program

The Visa Waiver Pilot Program, begun on July 1, 1988, for citizens of the United Kingdom, is now available to citizens of eight countries as authorized by the statute (8 U.S.C. 1187). Japanese citizens were included in the program on December 15, 1988. In July of this year, France, Switzerland, Federal Republic of Germany, Sweden, Italy and the Netherlands were designated as pilot program countries based on statutory criteria of reciprocity for United States citizens and a low visa refusal rate. To reach as large a population of potential travelers as possible, the volume of nonimmigrant visas issued annually was used in the designation process as an additional criterion.

During fiscal years 1987 and 1988 respectively, the United States admitted 12.4 million and 14.6 million nonimmigrants (this figure does not include land border crossers); more than fifty per cent (50%) of the total were nationals of the eight designated waiver program countries.

Although it is too early to fully evaluate the program, preliminary indications thus far suggest that the program is a success. More than one million visitors have been admitted into the U.S. under the waiver program. Fewer than 400 have been refused admission, based on ineligibility under one or more grounds for exclusion under Section 212 of the Immigration and Nationality Act. Travel industry representatives have voiced their appreciation for the efforts made by the Immigration and Naturalization Service to make the program work on a practical level. For example, our treatment of the statutory term "roundtrip transportation ticket," to permit travelers to proceed to points other than their origination point, has been well received by both the business traveler and the tourist. At the same time, it adheres to the spirit and intent of the statute by requiring that valid tickets transport the bearer outside North America in most cases. In addition, our regulations permit travelers to take side trips to contiguous territory or adjacent islands within the ninety-day period of authorized stay.

Japan, in particular, has been quick to take advantage of the waiver; more than 60% of all Japanese visitors enter the United States under the pilot program. Both our consular section at the American Embassy in Japan and the consular section of the Japanese Embassy in the Unite successful measure for promoting international travel and tourism. Japanese travel agency representatives generously praised both the Department of State and the Immigration and Naturalization Service (INS) at a recent meeting in Tokyo. The National Tourism Policy Council commended then Commissioner Alan C. Nelson of INS and Assistant Secretary for Consular Affairs, Joan M. Clark, for having successfully implemented the Pilot Program as a facilitative measure.

We have placed much emphasis on training representatives of the travel industry by detailing senior immigration officers to the designated countries shortly before and after implementation. Videotapes and printed material for training have been sent to more than five hundred sites. A Central Office program coordinator has always been available to answer questions from small and large businesses, the general public, and members of the travel industry.

The statute stipulates that the pilot program,shall run for three full years after the year in which it began: the program started on July 1, 1988 and will end in 1991.

Although definitive evaluation of the program would be premature at this time, the preliminary indications support its success. However, INS and other federal law enforcement and national security agencies are monitoring the program to determine if elimination of the consular screening process creates any new potential for abuse of the visa waiver scheme by criminals, subversives, and immigration violators. Our view concerning continuation of the program will therefore be based on the proven adequacy of existing control mechanisms.

To compensate for the increase in traffic at airports heavily affected by the waiver, INS has been diligently pursuing automation to enhance enforcement efforts and to speed up the inspection procedures. Automation efforts include expanded interagency information sharing with the Department of State and the Customs Service. This development makes available a more comprehensive lookout system that helps interdict possible security risks as well as immigration violators. For example, INS is capable of intercepting persons applying for admission under the Visa Waiver Pilot Program who have been refused visas in the past, are known criminals, or are suspected terrorists.

To further accommodate increased travel through our ports of entry, INS utilizes the machine readable capability of the automated system, thereby ensuring the accuracy of the data entered into the system for enforcement purposes and, at the same

time, facilitating the inspections procedure by eliminating the manual data entry. Machine readable passports, such as those being issued by members of the European Community, permit virtually instantaneous lookout checks and data entry. Japan, however, with the highest volume of tourist traffic into the United States, does not have a machine readable passport and has not finalized plans to issue one in the near future.

In order to offset any delays or the perception of delays resulting from the handling of the INS Visa Waiver Pilot Program Information Form (I-791), and absent a machine readable document from a large tourism source country such as Japan, INS has forwarded a suggestion to the Japanese travel industry that machine readable strips might be placed by travel agencies on Japanese passports or on separate documents to expedite the inspection process. At present, we are awaiting a response to this proposal.

It is our belief that the Visa Waiver Pilot Program will continue to be a magnet for travel and tourism to the United States. We continue to believe that for countries that are low immigration risks, the waiver of visas will not pose a threat to the United States but will enhance and promote travel to the United States. The Department will closely monitor the success of the pilot program so that a determination can be made as to whether the

program should be extended beyond its initial three year authorization.

Once again, I thank you for this opportunity to express the views of the Immigration and Naturalization Service on the Visa Waiver Pilot Program. I would be happy to entertain your questions on this matter.

NONIMMIGRANT VISITOR ARRIVALS IN THE UNITED STATES
BY COUNTRY OF CITIZENSHIP
(UNITED KINGDOM AND JAPAN)
JULY 1988 - APRIL 1989
(PRELIMINARY STATISTICS)

MONTH	WITH VISAS		VISA WAIVER PROGRAM (VWPP)		TOTAL		% VWPP	
	UK	JAPAN	UK	JAPAN	UK	JAPAN	UK	JAPAN
July	220,319	267,552	15,035	-	235,354	267,552	6%	-
August	198,515	299,670	18,236	-	216,751	299,670	8%	-
September	179,204	224,386	18,245	-	197,449	224,386	9%	-
October	191,480	167,314	32,963	-	224,443	167,314	15%	-
November	161,317	185,365	25,838	-	187,155	185,365	14%	-
December	81,407	101,303	23,737	37,125*	105,144	138,428	23%	27%
January	88,365	90,767	20,239	101,060	108,604	191,827	18%	52%
February	88,828	78,024	28,041	138,650	116,869	216,674	24%	64%
March	118,536	82,699	58,678	175,593	177,212	258,292	33%	68%
April	112,474	78,394	65,249	141,719	177,723	220,113	36%	64%

* Program implementation with Japan effective December 15, 1988

VISA WAIVER PILOT PROGRAM FORMS (I-791) RECEIVED AT DATA PROCESSING FACILITY - JULY 1, 1988 TO JULY 24, 1989
BY PORT OF ENTRY

PORT OF ENTRY	7/88-9/88	10/88-12/88	1/89-3/89	4/89-6/89	7/89-9/89	TOTAL	% OF TOTAL VWP
HHW	244	2,792	246,741	230,367	52,215	532,359	37.7%
LOS	3,511	8,045	59,542	71,227	17,028	159,359	11.3%
NYC	12,993	16,933	26,853	49,161	14,955	119,905	8.5%
AGA	4	60	37,479	41,959	11,713	90,315	6.4%
MIA	7,614	20,535	22,921	31,802	7,266	90,138	6.4%
SFR	1,689	2,237	34,580	39,814	7,326	85,646	6.1%
SEA	417	551	11,635	9,457	2,776	24,836	1.8%
BOS	4,967	5,311	3,661	7,939	3,004	23,982	1.7%
CHI	1,604	2,688	4,756	12,219	1,508	22,775	1.6%
HOU	942	2,864	3,277	4,739	897	12,719	0.9%
DAL	508	1,271	2,773	5,624	947	11,129	0.8%
SAJ	86	318	578	1,569	198	2,751	0.2%
SUBTOTAL	32,697	63,611	454,796	504,977	119,833	1,175,914	83.4%
ALL OTHERS	18,790	29,926	39,054	114,411	32,616	234,797	16.6%
TOTAL	51,487	93,537	493,850	619,388	152,449	1,410,711	100.0%

NONIMMIGRANTS ADMITTED BY PORT OF ENTRY AND COUNTRY OF CITIZENSHIP

FY 1987

PORT OF ENTRY	FRANCE	FED REP GERMANY	ITALY	NETHERLANDS	SWEDEN	SWITZERLAND	UNITED KINGDOM	JAPAN	SUBTOTAL	ALL OTHER COUNTRIES	TOTAL BY PORT	% OF TOTAL
NYC	246,829	294,516	245,779	83,495	113,340	88,375	322,431	155,062	1,549,818	1,587,654	3,137,472	25.3%
MIA	63,596	112,988	24,164	22,170	8,221	24,413	227,213	14,526	497,291	1,463,580	1,960,871	15.8%
LOS	49,119	90,184	21,052	27,694	24,420	11,971	153,523	287,433	665,396	692,109	1,357,505	10.9%
HHW	9,244	10,252	1,582	2,397	3,510	3,217	41,291	866,164	937,657	311,572	1,249,229	10.1%
SFR	23,100	53,881	4,039	6,985	1,835	7,988	51,298	168,635	317,681	247,077	564,758	4.5%
AGA	284	574	294	71	77	247	1,255	407,186	409,898	31,312	441,210	3.6%
CHI	30,791	73,733	13,211	14,986	10,612	19,064	61,495	54,654	278,546	158,387	436,933	3.5%
HOU	8,844	14,396	3,583	7,090	1,181	5,425	52,122	1,929	94,570	214,245	308,815	2.5%
BOS	18,637	36,279	8,114	7,919	2,560	12,431	73,788	2,604	162,332	80,201	242,533	2.0%
SAJ	16,191	15,598	5,332	5,875	1,142	2,525	10,586	1,181	58,336	149,463	207,799	1.7%
DAL	18,943	32,262	1,978	1,798	1,322	1,536	35,613	9,684	103,136	103,478	206,614	1.7%
SEA	1,409	5,887	1,127	4,125	5,472	1,034	17,651	80,584	117,289	84,283	201,572	1.6%
SUBTOTAL	486,987	740,456	330,156	184,525	173,692	178,226	1,048,266	2,049,642	5,191,950	5,123,361	10,315,311	83.0%
ALL OTHERS	108,097	207,246	31,622	50,693	16,623	40,219	460,654	105,323	1,020,477	1,085,264	2,105,741	17.0%
TOTAL	595,084	947,702	361,778	235,218	190,315	218,445	1,508,920	2,154,965	6,212,427	6,208,625	12,421,052	100.0%

NONIMMIGRANTS ADMITTED BY PORT OF ENTRY AND COUNTRY OF CITIZENSHIP

FY 1988

PORT OF ENTRY	FRANCE	FED REP GERMANY	ITALY	NETHERLANDS	SWEDEN	SWITZERLAND	UNITED KINGDOM	JAPAN	SUBTOTAL	ALL OTHER COUNTRIES	TOTAL BY PORT	% OF TOTAL
NYC	249,821	341,191	261,296	84,273	146,830	98,852	348,753	193,268	1,724,284	1,757,241	3,481,525	23.81
MIA	73,936	178,375	31,206	36,480	11,448	35,189	335,517	17,994	720,145	1,666,351	2,386,496	16.33
LOS	44,878	101,163	24,225	27,548	24,789	12,441	172,754	361,604	749,402	764,371	1,513,773	10.41
HHW	10,506	12,229	1,524	2,972	3,819	3,834	46,429	1,039,346	1,120,659	361,222	1,481,881	10.13
SEA	30,269	68,566	4,411	5,391	2,298	10,700	62,792	209,711	396,138	284,852	678,990	4.64
AGA	297	675	177	118	82	238	2,054	489,215	492,856	33,983	526,839	3.60
CHI	31,283	79,122	13,486	16,750	11,926	25,207	67,588	74,619	319,981	172,680	492,661	3.43
HOU	8,378	11,667	4,298	7,114	1,603	4,290	57,175	2,503	97,028	227,327	324,355	2.28
BOS	22,229	52,346	9,743	17,940	6,020	13,262	98,399	3,398	223,337	100,797	324,134	2.28
SAJ	19,174	23,611	5,854	6,849	1,608	3,993	18,106	1,427	80,608	184,017	264,625	1.81
ORL	21,187	41,377	2,796	2,178	1,563	1,325	40,311	21,315	132,462	120,844	253,306	1.73
SFA	1,426	10,232	1,011	8,465	5,814	1,241	20,360	95,247	143,776	98,448	242,224	1.66
SUBTOTAL	513,336	920,554	359,917	216,078	217,800	211,076	1,270,218	2,489,647	6,198,676	5,772,133	11,970,809	82.01
ALL OTHERS	160,215	254,366	37,540	61,200	22,612	53,469	660,959	163,313	1,413,674	1,218,324	2,631,998	18.01
TOTAL	673,601	1,174,920	397,457	277,278	240,412	264,545	1,931,177	2,652,960	7,612,350	6,990,457	14,602,807	100.01

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
HONOLULU, HAWAII

Congressional Hearing

August 25, 1989

Hawaii State Capitol

CONGRESSIONAL REPORT AUGUST, 1989

The Honolulu Customs District encompasses the eight Hawaiian islands, which make up the State of Hawaii. The Honolulu District is under the jurisdiction of the Regional Commissioner, Pacific Region, whose offices are in Los Angeles. The Honolulu District Director's staff, including the neighbor island ports, is comprised of 165 permanent positions and 79 W.A.E. (When Actually Employed, i.e. intermittent) positions. The Special Agent in Charge, the investigative branch of the Customs Service, has a staff of 21 Special Agents, 8 support officers and 4 administrative clerks.

The primary focus of operations in the Honolulu District is at the Honolulu International Airport, the fourth busiest airport in the nation in terms of international passenger arrivals. Honolulu Airport is the destination for military and civilian aircraft from the entire Pacific Rim. Departure countries include, Tahiti, Tonga, New Zealand, Fiji, Australia, Indonesia, the Philippines, Hong Kong, Taiwan, South Korea, Thailand, Malaysia, Singapore, Japan, Guam and Micronesia.

While the Airport is very busy, the Honolulu seaport also is host to hundreds of vessels from similar ports of call

engaged in cargo operations, oil importations, marine fisheries and the movement of strategic military cargo. Pearl Harbor is the home port for a large contingent of the Pacific Fleet and the Headquarters of the Commander-in-Chief of the Pacific whose geographic command embraces one-half of the world's surface..

Airport Passenger Processing Operations

By virtue of its unique geographic location, and its desirability as a tourist destination, Honolulu has seen a steadily growing number of foreign aircraft arrivals and air passengers since the advent of the jet age in 1959, the year of Hawaii's statehood. Honolulu is a major hub city for United Airlines, Continental Airlines and Hawaiian Airlines. It serves as a primary American arrival city for Japan Airlines, Northwest Orient, Qantas, Korean Airlines, Philippine Airlines, China Airlines, Singapore Airlines, Garuda, Air New Zealand, Canadian, Wardair and numerous charters, including a weekly charter flight from England. Types of aircraft range from the Air Micronesia Boeing 727 to the British Airways supersonic Concorde. On a typical day there will be 30 to 35 flights arrive from foreign ports bringing an average of 7,000 passengers per day with highs during the holiday season reaching 12,000 per day.

In Fiscal Year 1989, Honolulu processed over 2 3/4 million passengers through the port of Honolulu.

These passengers arrive in the most concentrated saturation pattern of any Customs airport facility in the entire United States. The flights arrive between 6:00 AM and 12:00 Noon. This bunching of flights is due to restrictive flight departure curfews at foreign airports and the airlines' desire to make connecting flights to the mainland prior to 2:00 PM.

These arrivals are processed in the Honolulu Airport Customs & Immigration Facility, built in 1974 to process one-third the number of arrivals we handle today. Plans are being formulated now for the construction of a new international arrivals facility to be completed in 1992.

The Honolulu Airport passenger processing staff consists of nine Supervisory Inspectors, 10 Senior inspectors, 43 full-time inspectors, three part-time inspectors, five inspectional aids and one clerk. These permanent employees are augmented by 57 W.A.E. (intermittent) inspectors and 15 W.A.E. inspectional aides. On any given day, usually no more than 20 W.A.E. inspectional personnel will be eligible or available to serve in the Honolulu baggage area.

We possess a most fortunate environment in Hawaii for maximum realization of the dual objectives of enhancement of tourism and enforcement of the multiple laws and regulations which are the responsibility of the several Federal agencies -

Customs, Immigration, Drug Enforcement Administration, Agriculture and Public Health.

First, the working coordination and cooperation between the Federal agencies, and between them as a whole and their counterparts on the State and local level, could hardly be improved. It is a quality of working relationship that is not seen too frequently in other locations in the United States.

Second, and most vital, is the intelligent dedication by all echelons of the State government doing everything possible to enhance tourism while simultaneously cooperating with the Federal establishment. This they do by providing the environment and the support necessary for the Federal agencies to enforce the laws passed by the Congress designed to secure the well-being of our nation, to protect our industries and international trade, and to enforce the several criminal statutes of our nation, especially those of most immediate importance - the laws directed against the traffic in drugs.

We would be remiss if we did not stress the vital support role provided by all of the involved State agencies. The impetus is provided by the personal interest and direction of Governor John Waihee, who, through his Executive agencies and his special task forces, has constantly addressed the ever-

changing and ever-increasing problems of enhancing tourism while providing maximum attention to enforcement of the laws and regulations which protect our nation.

The primary threat at Honolulu Airport, and the area where Customs' principal enforcement efforts are directed, is the smuggling of drugs, primarily heroin.

Presently, Customs enforcement priorities are: Narcotics, smuggled currency, pornography, commercial fraud and the illegal export of critical technology. Implicit in all of our activities is the basic objective of revenue enhancement.

We are equally sensitive to the fundamental fact that the lifeblood of Hawaii's economy is tourism. We are profoundly aware that Customs gets only one chance to make a first impression. We understand all too well that the Immigration and Customs officers at Honolulu Airport are the first person-to-person encounters for visitors to our island shores. They constitute the interface between the international travellers of the world and the uniformed officialdom of the United State Government. It is our earnest desire that we provide a favorable and professional impression while still carrying out our mission of drug interdiction and law enforcement.

Our enforcement efforts are, therefore, tempered by our

concern for the expeditious and courteous processing of passengers.

In the recent past, Customs has been the target of, in our opinion, some unjustified criticism for delays in passenger processing at Honolulu Airport.

There are various practical factors which have worked to create some actual delays. Among other considerations, these are:

1. A facility, rapidly becoming outdated, which has been under a repair and re-construction program for the past year, including the removal of the asbestos that has been falling from the ceiling.

2. Some uncontrollable delays created by the peaking of arrivals, INS staffing shortages, and the recent elimination of visas for Japanese citizens.

3. Shortages in staffing of full-time Customs inspectional and support personnel.

4. Ever-increasing passenger loads.

5. The inevitable glitches resulting from the simultaneous arrivals of multiple aircraft from

different countries with thousands of passengers, all competing for the most favorable arrival times and positions.

In the 5 years between 1983 and 1988, passenger arrivals at Honolulu airport rose from 1 1/2 million per year to 2 3/4 million while full-time Customs inspector staffing remained static, even declined slightly.

The attached graphs clearly show the effect of rising passenger loads and diminished Customs staffing.

As passenger loads increased and staffing decreased, heroin interceptions have diminished significantly.

Commercial Cargo Processing Operations

The inspectional staff has also been subjected to additional pressures which have drawn down the number of inspectors who may be assigned to passenger processing.

We have increased our enforcement efforts addressing drug smuggling and commercial fraud in cargo. While Honolulu ranks as a relatively minor port in dollar value of imported cargo, Honolulu was ranked 16th in the nation in the interception of commercial fraud seizures, reflecting our enhanced enforcement posture. In 1987, Honolulu seized 23,000 pounds of marijuana from Thailand in a cargo container

consigned to a business in Waianae, here on Oahu. That single intercept was the largest seizure of marijuana made in the entire United States Customs Service that year.

Our enforcement posture in commercial cargo is designed to provide maximum sanctions against fraudulent importations of textile goods, counterfeit trademark and copyright goods, harmful food and drug importations, unsafe toys and consumer goods and goods bearing false country of origin markings.

In the protection of the integrity of our tourist economy and legitimate importers, we have made significant seizures of junk jewelry marked as 14, 18 or 24 karat gold, under-karated gold jewelry and large quantities of goods from third world nations marked, or confusingly marked, as, "Made in Hawaii".

Our enforcement posture is such that intelligence has shown that criminal elements and smuggling organizations have by-passed Honolulu's Customs processing. I have attached a copy of a letter from the U.S. Attorney who reports that one Asian heroin smuggler arrested in Honolulu was given specific instructions not to attempt to clear Customs in Hawaii. Following an unforeseen airline delay in Hong Kong, he did just that, and was promptly detected and arrested by Customs inspectors here with his load of concealed heroin. There are also confirmed intelligence reports of Japanese organized crime figures (Japanese Yakuza), flying to California to

clear Immigration and Customs, simply to return to Hawaii as a domestic passenger.

Our efforts at protecting the public from inferior "designer" goods, which at the same time protects American trademark owners, has had the same effect. During a recent briefing by the Louis Vuitton private investigators, their research showed that Taiwanese, Korean and Thailand copies of their goods were entering the mainland for clearance and those being sold in Hawaii were returned to Hawaii by interstate carriers.

Our record of currency smuggling interceptions is one of the highest in the nation. One specific such intercept is the arrest at Honolulu Airport earlier this month of a drug/currency courier who had arrived from Australia. The inspector, suspicious of the man's story, searched him and discovered over $90,000.00 in undeclared currency hidden in a specially constructed vest. The man confessed that the money was in payment for a shipment of cocaine from California to Australia. He cooperated with Customs agents who arrested a major cocaine trafficker in California when the money was delivered to him.

The Customs Service will continue to protect the islands and the nation from foreign contraband and drugs while facilitating the arrival of our tourists and returning

residents in a courteous and professional manner.

We hope to continue our very productive cooperative endeavors with the State government in addressing the problems of the growing air traffic, including the necessity of providing Customs resources at the Neighbor Island airports to handle the air traffic which is projected for direct foreign arrival at those airports in the immediate future.

U.S. Department of Justice

United States Attorney

District of Hawaii

Room C-242, United States Courthouse
300 Ala Moana Blvd., Box 50183
Honolulu, Hawaii 96850

COML (808) 541-2850
FTS 8-551-2850

August 17, 1989

Mr. George Roberts
District Director
United States Customs Service
P. O. Box 1641
Honolulu, Hawaii 96806

Mr. Art Morgan
Director of Inspection and
Control
United States Customs Service
P. O. Box 1641
Honolulu, Hawaii 96806

Dear Messrs. Roberts and Morgan:

As I mentioned to you last week, I am currently involved in an ongoing heroin importation conspiracy investigation. A cooperating individual in this case was one of the couriers utilized by the organization to import heroin from Thailand into the United States. According to this individual, he received specific instructions to avoid entering the United States through Honolulu, the reason given that Customs here was too tough. This individual was instructed to enter with the heroin through either San Francisco or Los Angeles (even though the heroin was ultimately to be sold in Hawaii). Unfortunately for this individual, the San Francisco-bound aircraft he took had a mechanical failure in Hong Kong. The individual therefore had to take a different flight which made its first port of entry in Honolulu. Needless to say, our Honolulu Customs Inspectors discovered approximately one (1) kilogram of heroin in his possession.

Attachment

I commend U. S. Customs in Hawaii for their good work. Please keep it up.

Very truly yours,

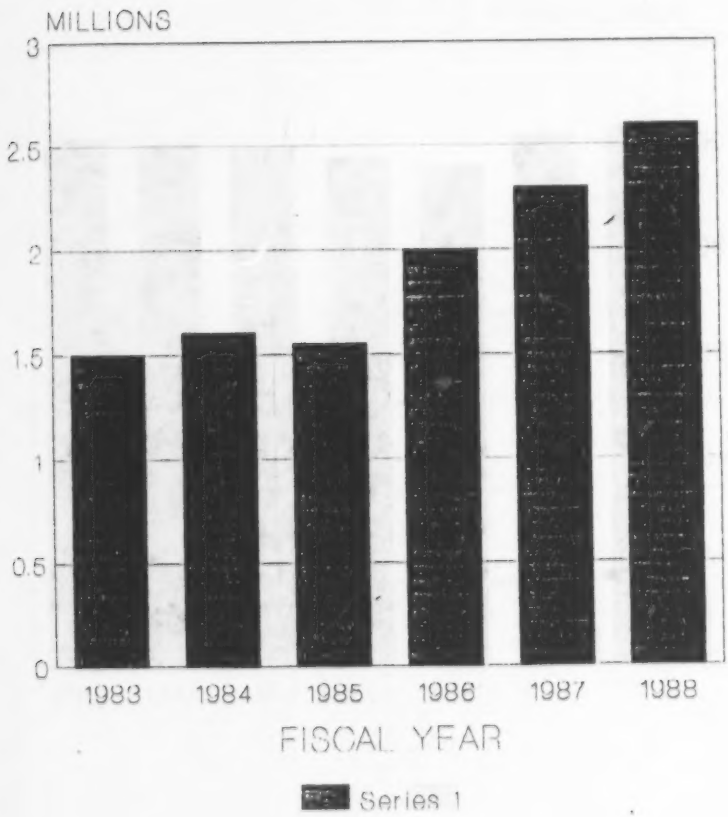
DANIEL BENT
United States Attorney
District of Hawaii

Michael K K

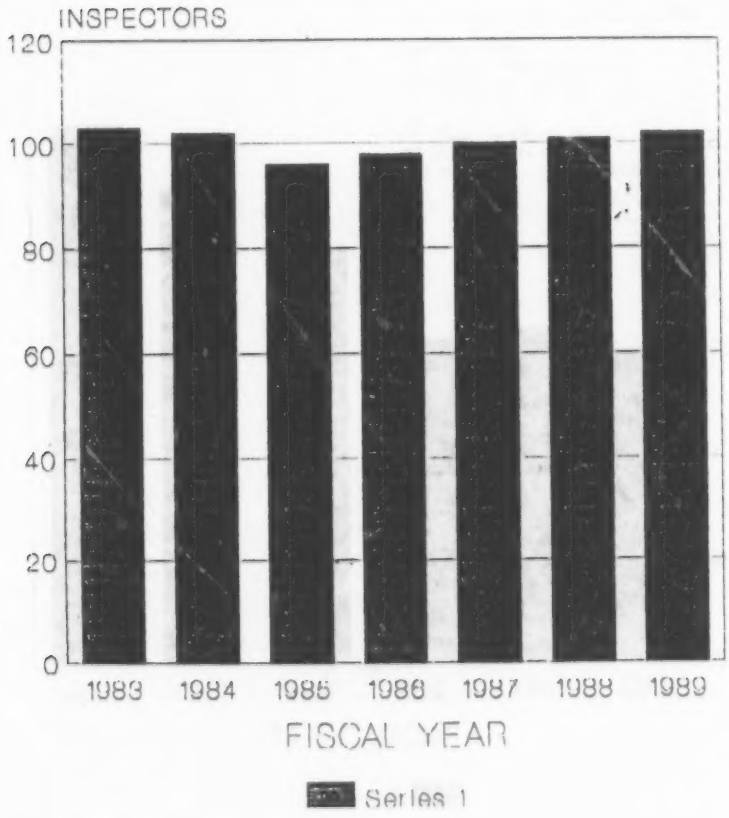
MICHAEL K. KAWAHARA
Assistant U. S. Attorney

MKK:ac

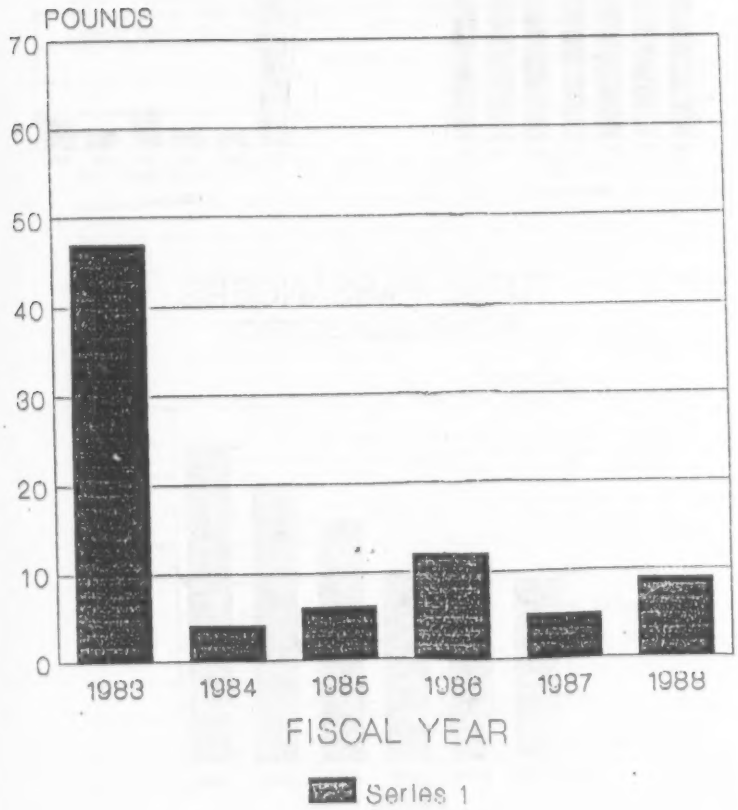
TOTAL PASSANGERS
HONOLULU DISTRICT



INSPECTOR STAFFING
HONOLULU DISTRICT



HEROIN SEIZURES
HONOLULU DISTRICT



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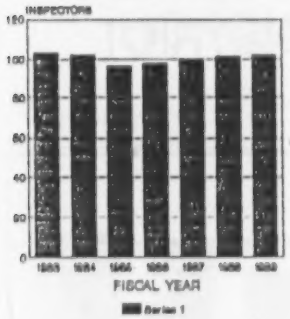

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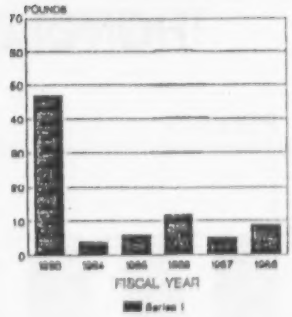
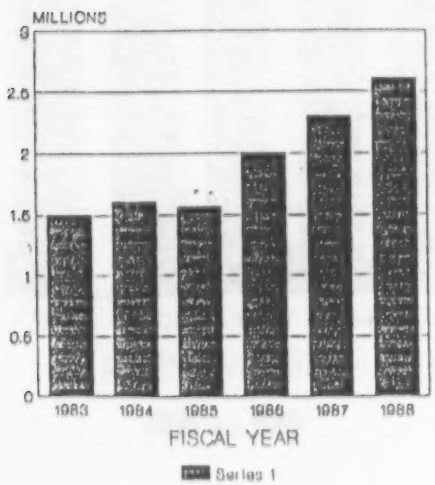


TOTAL PASSANGERS
HONOLULU DISTRICT



TESTIMONY OF ALLAN MARMELSTEIN, PACIFIC ISLAND ADMINISTRATOR, U.S. FISH AND WILDLIFE SERVICE, U.S. DEPARTMENT OF THE INTERIOR, BEFORE THE SUBCOMMITTEE ON PROCUREMENT, TOURISM, AND RURAL DEVELOPMENT, COMMITTEE ON SMALL BUSINESS, U.S. HOUSE OF REPRESENTATIVES ON INTERNATIONAL TOURISM AND ITS IMPACT ON SMALL BUSINESS IN HONOLULU, HAWAII

AUGUST 25, 1989

Mr. Chairman, my name is Allan Marmelstein and I am the Pacific Island Administrator for the U.S. Fish and Wildlife Service. I appreciate the opportunity to appear here before you to discuss tourism and the "good neighbor" policy as they relate to the programs of the Fish and Wildlife Service (Service).

Background

The primary purpose of the U.S. Fish and Wildlife Service is to conserve, protect and enhance our Nation's fish and wildlife resources and their habitats. We manage several programs in support of this goal. Our National Wildlife Refuge System is comprised of 450 refuges totalling approximately 90 million acres located throughout the United States, Puerto Rico, American Samoa and the Trust Territories. These refuges provide extremely important habitats for endangered and threatened species, waterfowl and other fish and wildlife resources. We have a research program aimed at the challenges relating to fish and wildlife and providing training and educational opportunities to interested individuals. Currently there are 13 major research laboratories and 41 cooperative

units located at various universities across the country. The Service also manages 75 National Fish Hatcheries which provide more than 6 million pounds of fish to thousands of streams and lakes throughout the nation.

Tourism and the "Good Neighbor" Policy at Units of the National Wildlife Refuge System

While all of our refuges must be managed in a manner that is compatible with the purposes for which they were established, it has long been recognized that they are unique sources of educational and recreational opportunities. There are currently 328 refuges open to the public for recreational use and approximately 26 million tourists visit these refuge lands annually. These tourists can enjoy recreational activities such as fishing, hunting, wildlife observation, hiking, bicycling, auto-touring and boating. In addition, these types of activities benefit local businesses and stimulate the local economy through sales of sporting goods and other recreational equipment. Also, to promote the local economy and secondary destinations, most of our refuges can provide tourists with information about food, lodging and other local recreational attractions.

At the National level, the Service has developed and implemented several public awareness initiatives to promote the National Wildlife Refuge System and volunteerism. The 1988

National Wildlife Refuge System/Duck Stamp exhibit at the Smithsonian Institution in Washington, D.C., was viewed by millions of tourists from around the world. Our Division of Refuges staff responded to approximately 8,000 inquiries from exhibit viewers seeking additional information on the Refuge System. The exhibit is currently booked through December 1990 at museums in various cities across the country.

You will be glad to know, Mr. Chairman, that the Service, through our Division of Refuges, is currently represented on the Department of Commerce's "Federal Task Force on Rural Tourism." That agency is addressing the issue of the effectiveness of tourism as a tool of economic diversification and development from a Federal perspective and we are looking forward to a new combined Federal approach to the issue of tourism.

There are several programs that we feel specifically demonstrate our efforts to encourage and promote a "good neighbor" policy with surrounding small businesses and local municipalities. One such program has been the Challenge Grant program where local businesses, and/or State and local governments volunteer time and money, which the Service matched with program funds, to enhance overall operations and maintenance of Service lands. A Challenge Grant project was recently completed at the Squaw Creek National Wildlife Refuge in Holt County, Missouri, where a local club and several small

businesses joined together to cooperatively build a badly needed water control structure on the Refuge.

Through the use of Cooperating Associations, authorized by the National Wildlife Refuge System Administration Act and the Refuge Recreation Act, local, private, non-profit organizations work with area refuges to improve and advance interpretive and educational materials on the refuges. There are currently 18 such associations working with refuges in Hawaii, California, Pennsylvania, Iowa, Florida, Michigan, Virginia, Maryland, Wyoming, North Dakota and Alaska.

One of the major initiatives of the Department of the Interior, and one in which we are particularly proud, is the "Take Pride in America" program. The Service's active involvement in the "Take Pride" program presents a unique opportunity to be "good neighbors" and partners with surrounding area businesses and governments. It is a program that the Service excelled in during 1990 and one which will be highly encouraged in future years. Our Refuge personnel are also involved in educational outreach programs with local schools to promote an understanding, awareness and support for the fish and wildlife management goals on refuges and the overall mission of the Service.

Some refuges work with private concessionaires from the local area to provide specific services for their visitors. At the

Santa Anna National Wildlife Refuge in Texas, a tram is operated by a private concessionaire and the Crab Orchard National Wildlife Refuge in Illinois has several privately owned concessions. Our refuge personnel also work closely with State fish and wildlife agencies in the coordinated management of resident species, and actively share information with them. Refuges that allow hunting and fishing programs work closely with the states in the management of these activities. At the national level, we are coordinating with the states to develop the potential for more and improved wildlife viewing opportunities for public participation.

In addition, our Refuge personnal work closely with local commerce departments to disseminate information (through brochures and exhibits) and promote activities that benefit both the refuge and the community.

Hawaiian Islands National Wildlife Refuges

There are seven National Wildlife Refuges in the main Hawaiian Islands, and an equal number scattered across the Pacific. Six of the seven in Hawaii were established to promote the recovery of various endangered species in the islands. The federally-mandated compatibility test I referred to earlier frequently limits public access to refuges established for the recovery of endangered species, which is generally the case in Hawaii. Most of the refuges established for recovery of

endangered waterbirds (stilts, coots, moorhen, and Hawaiian ducks) are closed to the public. However, the Hanalei Valley Overlook at Princeville, Kauai, a popular, and heavily visited site, is in fact an overlook of Hanalei Refuge, where interpretive displays of our waterbird recovery efforts are provided. The vista presented to the public is probably one of the most heavily photographed on Kauai, and attracts many visitors. We are in the process of constructing a visitors facility at the James Campbell Refuge on Oahu, also an endangered waterbird refuge, where limited public access will be available.

On the big island of Hawaii, Hakalau Forest is the only refuge in the National Wildlife Refuge System encompassing a tropical rainforest ecosystem. It was established to promote the recovery of several endangered forestbirds, and is not currently open to the public. This is not only due to its primary mission, but also to the fact that it is located in a remote part of the island, accessible only by a dirt road which is difficult to maintain. We look forward to the day when the visiting public will have the opportunity to experience first-hand the unique beauty and excitement of a Hawaiian forestbird community.

Kilauea Point Refuge on Kauai, the centerpiece of our public use program in the islands, receives over 400,000 visitors annually. This island is located on the northernmost point of

the main islands and affords the visitor one of the most scenically splendid vistas of coastal volcanic cliffs, reefs, ocean, and mountains anywhere in the islands. It also houses one of the largest lighthouses in the United States, and other historic structures. In addition, it provides a rare opportunity to walk among several species of nesting seabirds, as well as to view sea turtles, whales (in the winter), and rarely, a Hawaiian monk seal.

We will shortly be opening a new education facility at Kilauea Point which will interpret the role of this refuge and the other refuges in Hawaii and the Pacific, to the public. In addition, the interpretive displays at the education facility will provide a state-of-the-art interactive video system to introduce the National Wildlife Refuge System to both mainland and foreign visitors. The interactive video system provides information on the refuges in a state when that state is selected from a map displayed on the system. For mainland visitors, the interactive video system will provide an opportunity for visitors to learn more about refuges in their homes states, and an incentive to visit those open to the public. For the foreign visitor, it will be an added inducement to travel to the mainland to visit additional refuges.

As you can see, although our facilities for public use in Hawaii are limited, we are using them to their best advantage

in order to both educate the public about our local and national mission, and to encourage further travel to other refuge sites.

That concludes my testimony, Mr. Chairman, I would be happy to answer any questions you might have.

TESTIMONY

OF THE HONORABLE WYLIE H. WHISONANT, JR.

DEPUTY UNDER SECRETARY OF COMMERCE FOR TRAVEL AND TOURISM

AT FIELD HEARINGS ON INTERNATIONAL TOURISM

BEFORE THE SUBCOMMITTEE ON TOURISM AND RURAL DEVELOPMENT

OF THE HOUSE COMMITTEE ON SMALL BUSINESS

FRIDAY, AUGUST 25, 1989

10:00 A.M.

AUDITORIUM OF THE STATE CAPITOL

HONOLULU, HAWAII

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE.

I AM WYLIE WHISONANT, JR., DEPUTY UNDER SECRETARY OF COMMERCE FOR TRAVEL AND TOURISM. I AM APPEARING ON BEHALF OF ROCKWELL SCHNABEL, THE UNDER SECRETARY OF COMMERCE FOR TRAVEL AND TOURISM, WHO IS HEADING THE U.S. DELEGATION TO THE 8TH GENERAL ASSEMBLY OF THE WORLD TOURISM ORGANIZATION AND IS, THEREFORE, UNABLE TO BE HERE TODAY.

USTTA IS THE NATIONAL TOURISM OFFICE OF THE U.S. IT IS A SMALL AGENCY WHOSE PRIMARY MISSION IS TO PROMOTE TOURISM TO TH U.S. FROM ABROAD. MOST OF ITS ACTIVITIES ARE CONDUCTED IN THE NINE OVERSEAS MARKETS IN WHICH IT MAINTAINS A PRESENCE.

I APPRECIATE THIS OPPORTUNITY TO TESTIFY ON TOURISM AND ITS IMPACT ON SMALL BUSINESS. SINCE 98 PERCENT OF THE TOURISM INDUSTRY CONSISTS OF SMALL BUSINESSES, TOURISM DOES HAVE A VE SIGNIFICANT IMPACT ON THE SMALL BUSINESS COMMUNITY.

MR. CHAIRMAN, WITH YOUR PERMISSION I WOULD LIKE TO LIMIT MY TESTIMONY TO THREE TOPICS:

- EFFECTIVENESS OF TOURISM AS A TOOL OF ECONOMIC DIVERSIFICATION AND DEVELOPMENT;

- THE FEDERAL GOVERNMENT'S PROMOTION OF SECONDARY DESTINATIONS; AND

- THE FEDERAL GOVERNMENT'S EFFORTS IN FOREIGN COUNTRIES TO MARKET THE U.S. AS A TOURISM DESTINATION.

THESE THREE TOPICS RELATE DIRECTLY TO USTTA'S MISSION AND RESPONSIBILITY. THE OTHER TOPICS ON THE AGENDA TODAY CAN BE ADDRESSED MORE AUTHORITATIVELY BY WITNESSES FROM OTHER LEVELS OF GOVERNMENT AND I DEFER TO THEM.

TOURISM AS AN ECONOMIC DEVELOPMENT TOOL

AS WE ARE ALL AWARE, MR. CHAIRMAN:

- TOURISM IS A SIGNIFICANT CONTRIBUTOR TO THE ECONOMIC DEVELOPMENT PROCESS;

- THE TOURISM INDUSTRY IS A SOURCE OF JOB OPPORTUNITIES AND INCOME AND A GENERATOR OF FEDERAL, STATE AND LOCAL TAX REVENUES;

- THE TOURISM INDUSTRY CONSUMES THE OUTPUT OF SUCH DIVERSE SMALL BUSINESSES AS TRUCK FARMS, DAIRIES, POULTRY PRODUCERS, FISHERIES, NURSERIES, MEAT PACKERS, CANNERIES, FLOUR AND LUMBER MILLS, VINEYARDS, GROCERS, CONSTRUCTION COMPANIES, BANKS, INDEPENDENT INSURANCE AGENTS, GASOLINE STATIONS, FURNITURE MAKERS AND FOLK ARTISTS. AS IT DOES SO, IT CREATES BUSINESS OPPORTUNITIES AND INCOME FOR THESE BUSINESSES;

- TOURISM CAPITALIZES ON NATURAL FEATURES (SUCH AS MOUNTAINS, LAKES AND BEACHES) WHICH LACK RECOGNIZED ECONOMIC VALUE UNLESS THEY ARE DEVELOPED. BY CREATING RECREATIONAL USES FOR THESE RESOURCES, THE TOURISM INDUSTRY CONVERTS THEM INTO INCOME-PRODUCING ASSETS SIMILAR TO DEPOSITS OF OIL OR COAL;

- TOURISM ALSO ENHANCES THE VALUE AND INCOME PRODUCING CAPACITY OF MAN-MADE RESOURCES (SUCH AS PARK AND RECREATION FACILITIES AND HISTORIC AND CULTURAL SITES).

I WOULD HAVE TO OBSERVE, HOWEVER, THAT THE DEVELOPMENTAL BENEFITS OF TOURISM ARE NOT EVENLY DISTRIBUTED. WHERE INTERNATIONAL TOURISM IS CONCERNED, FIVE STATES -- CALIFORNIA, FLORIDA, HAWAII, NEW YORK AND TEXAS -- ACCOUNT FOR THE BULK OF THIS COUNTRY'S INBOUND BUSINESS AND BENEFIT MOST FROM ITS DEVELOPMENTAL IMPACTS. THIS IS BECAUSE THEY ACCOUNT FOR THE LARGEST SHARE OF THE NONSTOP INTERNATIONAL AIR SERVICE BETWEEN U.S. AND FOREIGN CITIES.

IN ADDITION, MANY OF THE BENEFITS OF TOURISM, BOTH INTERNATIONAL AND DOMESTIC, TEND TO BYPASS REMOTE RURAL AREAS, WHICH LACK INFRASTRUCTURE, TRANSPORTATION AND AMENITIES, YET NEED TO DEVELOP AND DIVERSIFY THEIR ECONOMIC BASE.

THIS COMMITTEE, IN RECOGNITION OF TOURISM'S CONTRIBUTIONS TO ECONOMIC DEVELOPMENT AND OUT OF ITS CONCERN ABOUT THE PLIGH OF RURAL AREAS TODAY, MANDATED A NATIONAL STUDY ON RURAL TOURISM DEVELOPMENT COORDINATED BY USTTA. THE PURPOSE OF THAT STUDY IS TO DETERMINE:

- WHETHER THERE IS A NEED FOR FEDERAL POLICY CONCERNING THE DEVELOPMENT AND PROMOTION OF SMALL BUSINESSES IN RURAL COMMUNITIES THROUGH TRAVEL AND TOURISM; AND

- WHETHER OR NOT THERE SHOULD BE A FEDERAL PROGRAM TO SUPPORT SUCH A POLICY.

THAT STUDY WILL BE TRANSMITTED TO YOUR COMMITTEE SHORTLY AND I DO NOT WANT TO RELEASE THE FINDINGS PIECEMEAL OR OUT OF CONTEXT -- ESPECIALLY SINCE THE NATIONAL POLICY CONFERENCE TO CORROBORATE THOSE FINDINGS WITH THE VIEWS OF KEY SMALL BUSINESSES, AND STATE AND LOCAL LEADERS WILL NOT BE HELD UNTIL MID-SEPTEMBER.

HOWEVER, I DO WANT TO SHARE WITH YOU SOME RELEVANT OBSERVATIONS OF THE FEDERAL TASK FORCE FORMED UNDER THE AUSPICES OF THE INTERAGENCY TOURISM POLICY COUNCIL TO ASSIST IN THE STUDY.

AS YOU MAY RECALL, MR. CHAIRMAN, THE COUNCIL IS A CABINET LEVEL BODY ESTABLISHED BY THE NATIONAL TOURISM POLICY ACT OF 1981.

THE TASK FORCE FOUND, AMONG OTHER THINGS THAT:

- WEATHER AND CHANGING U.S. TRADE PATTERNS HAVE HAD A PROFOUND IMPACT ON AGRICULTURE IN THIS COUNTRY. BASE CLOSINGS, COMPETITION FROM FOREIGN DURABLE GOODS MANUFACTURERS AND A GENERAL DOWNTURN IN MANY INDUSTRIES DEPENDENT ON THE EXTRACTION OR HARVVEST OF NATURAL RESOURCES HAVE ADVERSELY AFFECTED EMPLOYMENT AND BUSINESS OPPORTUNITIES IN RURAL COMMUNITIES;

- MANY RURAL AREAS HAVE EXPERIENCED POPULATION LOSS, ESPECIALLY AMONG BETTER EDUCATED YOUTH AND SKILLED WORKERS;

- MUCH OF RURAL AMERICA IS, AND HISTORICALLY HAS BEEN, POOR. A DISPROPORTIONATE SHARE OF THE RURAL POPULATION HAS BEEN POOR THROUGHOUT THIS CENTURY;

- THE FARM CRISIS HAS SPREAD BEYOND THE FARM INTO SMALL BUSINESSES WHICH TRADITIONALLY HAVE CATERED TO THE FARMER. BANKS, GROCERY STORES AND SERVICE STATIONS HAVE SUFFERED FROM DECLINING SALES AND PROFITS. AS FARMLAND VALUES DECLINE, MAIN STREET SPENDING FALLS; JOBS IN THE LOCAL COMMERCIAL SECTOR DISAPPEAR AND INCOMES IN THAT SECTOR DECLINE AS WELL; AND THE COMMERCIAL PROPERTY SEGMENT OF THE LOCAL PROPERTY TAX BASE ALSO DECLINES;

- THERE IS A RAPIDLY-GROWING AWARENESS THAT RURAL AREAS MUST BE REVITALIZED AND THAT REVITALIZATION DEPENDS UPON ECONOMIC DIVERSIFICATION, HUMAN DEVELOPMENT, AND INCENTIVES TO IDENTIFY AND UTILIZE EXISTING RESOURCES, INITIATE LOCAL ENTREPRENEURIAL VENTURES AND MOTIVATE COMMUNITY ORGANIZATION AND LEADERSHIP;

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- AT THE SAME TIME, THERE IS A GROWING REALIZATION IN BOTH RURAL AND URBAN AMERICA THAT TOURISM IS A SIGNIFICANT, ALTHOUGH OFTEN MISUNDERSTOOD, CONTRIBUTOR TO THE ECONOMIC DEVELOPMENT PROCESS;

- THROUGH TOURISM, INCOME IS REDISTRIBUTED THROUGHOUT THE NATION, NOT INFREQUENTLY FROM AFFLUENT URBAN AND SUBURBAN AREAS TO SERVICE PROVIDERS IN RURAL AREAS;

- TO THE EXTENT THAT TOUR DESTINATIONS ATTRACT TRAVELERS FROM OUTSIDE THE COUNTRY, STATE OR IMMEDIATE COMMUNITY, TOURISM INJECTS "FRESH" MONEY INTO THEIR CIRCULAR FLOW OF INCOME. AS THIS NEW MONEY IS RE-SPENT IT CREATES NEW ROUNDS OF INCOME AND SPENDING AND INCREASES NATIONAL, STATE AND LOCAL INCOME BY AN AMOUNT GREATER THAN ITSELF. ECONOMISTS REFER TO THIS PHENOMENON AS THE "MULTIPLIER EFFECT". THE EFFECTS OF TOURISM ARE MULTIPLIED BY NEARLY THREEFOLD IN THE JOBS AND REVENUES THEY CREATE;

- NON-MENTROPOLITAN COUNTIES THAT DEPENDED ON TOURISM, RETIREMENT INCOME AND SPECIALIZED GOVERNMENT SPENDING EXHIBITED MUCH GREATER STABILITY DURING THE TURBULENT 1980S THAN THOSE THAT DID NOT.

AT THE SAME TIME, HOWEVER, THE TASK FORCE FOUND THAT THE DEVELOPMENT OF A TOURISM-INDUSTRY IS A LONG-TERM ENDEAVOR, AND THAT THERE ARE SIGNIFICANT IMPEDIMENTS WHICH CAN RETARD RURAL TOURISM DEVELOPMENT.

AT FOUR REGIONAL CCNFERENCES ON RURAL TOURISM, PARTICIPANTS TOLD USTTA THAT IT IS DIFFICULT TO ESTABLISH AND PROFITABLY OPERATE A TOURISM-RELATED BUSINESS IN A RURAL COMMUNITY. THESE REASONS WERE CITED:

- MANY RURAL BUSINESS-OWNERS LACK MARKETING EXPERIENCE, PROMOTIONAL EXPERTISE AND HOSPITALITY TRAINING;

- SMALL BUSINESSES HAVE DIFFICULTY SECURING FINANCING;
- MOST RURAL COMMUNITIES "EXPORT" CAPITAL;
- COMMERCIAL BANKS IN MOST RURAL AREAS AND SMALL COMMUNITIES ARE UNFAMILIAR WITH NON-AGRICULTURAL BUSINESSES AND PREFER NOT TO LEND TO THEM. ADDITIONALLY, THEY CONSIDER TOURISM-RELATED BUSINESSES TO BE SEASONAL AND, THEREFORE, HIGH-RISK;
- AS A MATTER OF POLICY, SOME EXISTING FEDERAL ECONOMIC/COMMUNITY/BUSINESS DEVELOPMENT AGENCIES WHICH MAKE LOANS TO FARMERS OR TO SMALL BUSINESSES IN RURAL AMERICA DO NOT TREAT TOURISM AND COMMERCIAL RECREATION-RELATED BUSINESS VENTURES AS ELIGIBLE CATEGORIES FOR LOANS OR GUARANTEES;

- CAPITAL FUNDS FOR TOURISM DEVELOPMENT INFRASTRUCTURE ARE INADEQUATE;

- UNDER DEREGULATION, RURAL AREAS HAVE LOST SOME PUBLIC TRANSPORTATION;

- INADEQUATE TRANSPORTATION TO AND WITHIN RURAL AREAS IS A DETERRENT TO RURAL TOURISM DEVELOPMENT;

- FUNDING TO IMPLEMENT EXISTING FEDERAL PROGRAMS WHICH WOULD PROMOTE THE DEVELOPMENT OF TOURISM-RELATED SMALL BUSINESSES IN RURAL AREAS IS INSUFFICIENT;

- THERE IS A LACK OF FUNDING FOR EDUCATIONAL SYSTEMS RELATED TO TOURISM DEVELOPMENT;

- THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM EXCLUDES TOURISM DEVELOPMENT;

- THERE IS NO COHERENT NATIONAL POLICY ON RURAL TOURISM DEVELOPMENT AND LITTLE SYSTEMATIC COORDINATION AMONG FEDERAL AGENCIES WHOSE PROGRAMS AND ACTIONS AFFECT TOURISM ENTERPRISES IN RURAL AREAS.

THE NATIONAL STUDY ON RURAL TOURISM DEVELOPMENT EXAMINES EACH OF THESE REASONS AND MAKES WHAT WE HOPE ARE APPROPRIATE RECOMMENDATIONS.

PROMOTION OF SECONDARY DESTINATIONS

WHILE A VARIETY OF MEASURES MAY BE NEEDED TO FOSTER TOURISM TO THE UNITED STATES A KEY IS THE ACTIVE AND AGGRESSIVE PROMOTION OF EACH REGION'S ATTRACTIONS AND SERVICES. CONSEQUENTLY, ONE OF USTTA'S MAJOR OBJECTIVES IS TO GET MORE U.S. TOURISM RELATED COMPANIES, STATES AND CITIES TO PROMOTE THEIR SERVICES AND ATTRACTIONS IN THE INTERNATIONAL MARKETPLACE.

IN THE COURSE OF ITS ACTIVITIES, USTTA RECRUITS BUSINESS PARTNERS LOCATED IN SECONDARY -- AND TERTIARY -- DESTINATIONS.

THERE IS A GREAT OPPORTUNITY TODAY FOR RURAL ENTERPRISES AND AND AREAS TO ATTRACT BUSINESS FROM ABROAD. MUCH OF WHAT FOREIGN TOURISTS SEEK IN AMERICA INVOLVES ADVENTURE AND THE OUTDOORS. RURAL AMERICA IS A SOURCE OF GREAT SCENIC BEAUTY. A HIGH PERCENTAGE OF INTERNATIONAL VISITORS STATE THAT THEY WANT TO VISIT AMERICA TO SEE ITS NATURAL WONDERS.

RURAL AREAS NEAR ESTABLISHED URBAN DESTINATIONS MAY HAVE A SPECIAL OPPORTUNITY TO DEVELOP TOURISM AS A SECONDARY DESTINATION, BUT THIS REQUIRES CAREFUL, INTEGRATED STATE AND REGIONAL PLANNING.

WE HAVE MANY RURAL AREAS OF GREAT SCENIC BEAUTY AND HISTORIC OR CULTURAL SIGNIFICANCE. MOST OF THESE ARE UNDERUTILIZED AND UNDERDEVELOPED WITH RESPECT TO FOREIGN TOURISM. THEY WILL REMAIN SO UNTIL THEY ARE INCORPORATED INTO A TOURISTIC INFRASTRUCTURE. THEY MUST HAVE ROADS, AIRPORTS, TRANSPORT SERVICE, ACCOMMODATIONS, FOOD, SOCIAL SERVICES AND TRAINED PERSONNEL.

TRANSPORTATION ACCESS IS ESPECIALLY CRITICAL. INTERNATIONAL AIR SERVICE IS VITAL -- EVERY BIT AS IMPORTANT AS MARKETING AND PROMOTION.

FEDERAL EFFORTS TO MARKET THE U.S. AS A TOURIST DESTINATION

MR. CHAIRMAN, THE PROMOTION OF SECONDARY DESTINATIONS IS ONE ASPECT OF FEDERAL EFFORTS TO MARKET THE U.S. AS A TOURIST DESTINATION. BEFORE I TURN TO THAT BROADER TOPIC, HOWEVER, I WOULD LIKE TO DISCUSS THE SIZE, SCOPE AND COMPETITIVENESS OF THE INTERNATIONAL TOURISM MARKET.

IN 1988, THE MOST RECENT YEAR FOR WHICH DATA ARE AVAILABLE, THE WORLD'S CITIZENS SPENT CLOSE TO $206 BILLION ON INTERNATIONAL TRAVEL. $40 BILLION, OR 14% OF THE TOTAL, WAS SPENT IN THE UNITED STATES.

DESPITE THIS IMPRESSIVE FIGURE, THE UNITED STATES FACES FORMIDABLE COMPETITION FOR MARKET SHARE. THE TOURISM BUSINESS IS ONE OF THE MOST COMPETITIVE IN THE WORLD. ECONOMISTS HAVE

OFTEN OBSERVED THAT IN MOST INDUSTRIES, COMPETITION IS BETWEEN COMPANIES, BUT IN THE TOURISM INDUSTRY, IT IS BETWEEN GOVERNMENTS. MORE THAN 170 COUNTRIES ARE VYING FOR THE BUSINESS OF THE 20 PRINCIPAL TOURISM GENERATING COUNTRIES. USTTA COMPETES HEAD-TO-HEAD WITH 68 FOREIGN GOVERNMENT TOURISM OFFICES IN THE UNITED KINGDOM, 60 IN FRANCE AND 40 IN JAPAN. MANY OF THESE ORGANIZATIONS ARE ALLIED WITH GOVERNMENT OWNED OR SUBSIDIZED CARRIERS AS WELL AS WITH THEIR COUNTERPARTS FROM THE SAME GEOGRAPHIC REGION.

NATIONAL TOURISM ADMINISTRATIONS DEVELOP TOURISM BUSINESS FOR THEIR COUNTRIES AND PROVIDE SERVICES TO THE CONSUMER AND TO THE TRAVEL TRADE THAT THE PRIVATE SECTOR DOES NOT OFFER AND COULD NOT PROVIDE AT A PROFIT. OFFICIAL TOURISM PROMOTION OFFICES REPRESENT COUNTRIES, NOT INDIVIDUAL COMPANIES. SOME OF THEIR MOST COMMON FUNCTIONS ARE:

1. CATALYST - BRINGING TOGETHER COMPANIES OF THEIR HOME COUNTRY WHICH SELL OR PROMOTE COMPETING SERVICES, AND WHICH OTHERWISE WOULD NOT COOPERATE TO ATTRACT FOREIGN BUSINESS, AND HELPING THOSE ENTITIES TO FORM COOPERATIVE PARTNERSHIPS TO JOINTLY MARKET THEIR SERVICES OR FACILITIES ABROAD;

2. IMPARTIAL SOURCE OF INFORMATION - PROVIDING FOREIGN CONSUMERS AND TRAVEL TRADE WITH OBJECTIVE AND FACTUAL INFORMATION ABOUT TOURISM SERVICES AND FACILITIES FROM A VARIETY OF SUPPLIERS AND ON DIFFERENT DESTINATIONS BACK HOME; PROVIDING TRIP-PLANNING INFORMATION WHICH IS NORMALLY NOT AVAILABLE FROM COMMERCIAL SOURCES AND WHICH, OTHERWISE, WOULD NOT BE AVAILABLE IN THE FOREIGN MARKET IN THE LANGUAGE SPOKEN THERE (E.G., ADMISSIONS FEES AND HOURS OF OPERATION OF MUSEUMS, GALLERIES AND OTHER PUBLIC BUILDINGS, PUBLIC TRANSIT SCHEDULES, CLIMATE AND TEMPERATURE DATA, ETC.)

3. BUSINESS FACILITATOR - ASSISTING NEW-TO-EXPORT COMPANIES OF THE HOME COUNTRY TO IDENTIFY BUSINESS OPPORTUNITIES ABROAD AND LOCATE COOPERATIVE PARTNERS WITH WHOM TO MARKET;

4. COLLECTOR OF MARKET INTELLIGENCE - ASSISTING SMALL BUSINESSES WHICH DO NOT MAINTAIN THEIR OWN SALES OR REPRESENTATION OFFICES IN THE INTERNATIONAL MARKET PLACE TO EVALUATE MARKET OPPORTUNITIES AND INTERPRET RAW DATA;

5. EDUCATOR - CONDUCTING WORKSHOPS AND TRAINING PROGRAMS FOR FOREIGN TRAVEL-SELLERS IN THE MARKET PLACE WHO ARE UNFAMILIAR WITH SERVICES AND FACILITIES IN THE COUNTRY WHICH THE TOURISM OFFICE REPRESENTS AND WHO, OTHERWISE, COULD NOT DO AN EFFECTIVE JOB OF SELLING THE DESTINATIONS TO THEIR CLIENTS OR WHO WOULD SELL COMPETING DESTINATIONS WITH WHICH THEY ARE FAMILIAR.

USTTA PERFORMS THESE SAME FUNCTIONS. IT

- 0 ENCOURAGES AND ASSISTS U.S. COMPANIES TO COOPERATIVELY MARKET THEIR SERVICES ABROAD;

- PROVIDES THE FOREIGN GENERAL PUBLIC AND THE TRAVEL TRADE WITH OBJECTIVE AND FACTUAL INFORMATION ABOUT TOURISM SERVICES AND FACILITIES AVAILABLE FROM U.S. SUPPLIERS AND DESTINATIONS;

- PROVIDES TRIP PLANNING INFORMATION IN FOREIGN MARKETS IN THE LOCAL LANGUAGE;

- ASSISTS NEW-TO-EXPORT FIRMS TO IDENTIFY BUSINESS OPPORTUNITIES ABROAD AND HELPS LOCATE PARTNERS WITH WHOM THEY CAN MARKET THEIR TOURISM PRODUCT;

- ASSISTS SMALL BUSINESSES WHICH DO NOT HAVE SALES OR REPRESENTATION OFFICES ABROAD TO EVALUATE INTERNATIONAL MARKET OPPORTUNITIES AND TO INTERPRET RAW DATA; AND

- CONDUCTS WORKSHOPS AND TRAINING PROGRAMS FOR FOREIGN TRAVEL-SELLERS SO THEY ARE BETTER ABLE TO SELL U.S. DESTINATIONS.

THE UNITED STATES IS COMPETITIVE IN ATTRACTING INTERNATIONAL TOURISTS, AS THE DATA I CITED FOR 1988 SHOWS. HOWEVER, LET ME STRESS AGAIN THAT IF WE ARE TO REMAIN COMPETITIVE, A GREATER PERCENTAGE OF THE MORE THAN ONE MILLION U.S. TRAVEL INDUSTRY SMALL BUSINESSES, AND MORE OF OUR STATES AND CITIES, WILL HAVE TO ACTIVELY SEEK INTERNATIONAL BUSINESS. USTTA'S ROLE IS TO FUNCTION AS A STRATEGIST, CATALYST AND RECRUITER IN BRINGING THESE ENTITIES INTO THE INTERNATIONAL MARKET.

HAWAII AND THE INTERNATIONAL TOURISM MARKET

MR. CHAIRMAN, I WOULD LIKE TO SAY A WORD ABOUT INTERNATIONAL TOURISM IN HAWAII FROM THE POINT OF VIEW OF USTTA. HAWAII ILLUSTRATES A NUMBER OF THE ISSUES FACING THE UNITED STATES TODAY IN INTERNATIONAL TOURISM.

HAWAII RECEIVES THE LARGEST NUMBER OF VISITORS FROM JAPAN, OUR FASTEST GROWING INTERNATIONAL MARKET. U.S. TOURISM EXPORTS TO JAPAN HAVE SPECIAL VALUE, SINCE JAPAN IS THE COUNTRY WHERE WE HAVE THE LARGEST TRADE DEFICIT. IT IS EASY TO EXPORT TOURISM TO JAPAN BECAUSE THERE ARE NO CONFLICTS WITH JAPAN'S INTERNAL MARKET AND BECAUSE THE JAPANESE GOVERNMENT IS ENCOURAGING ITS CITIZENS TO TRAVEL ABROAD. JAPANESE TOURISTS ALSO HAVE A VERY HIGH PER CAPITA PER DAY EXPENDITURE. TWO OF USTTA'S EXPORT GOALS ARE TO CONTINUE TO INCREASE THE NUMBER OF JAPANESE VISITORS TO THE U.S. AND TO MOTIVATE THEM TO PLAN LONGER STAYS.

JAPAN IS ONE OF THE INITIAL COUNTRIES TO PARTICIPATE IN THE VISA WAIVER PILOT PROJECT, WHICH HAS CREATED SPECIAL RESPONSIBILITIES AND PRESSURES -- INCLUDING A DEMAND FOR JAPANESE-LANGUAGE PROFICIENT CUSTOMS AND IMMIGRATION OFFICERS -- AT HONOLULU INTERNATIONAL AIRPORT.

THE ROLE OF TOURISM AS THE FIRST INDUSTRY IN THE STATE, SURPASSING HAWAII'S TRADITIONAL AND STILL STRONG AGRICULTURE, IS ILLUSTRATIVE OF WHAT IS HAPPENING TO OTHER STATE ECONOMIES. TOURISM IN RECENT YEARS HAS BECOME A FUNDAMENTAL ECONOMIC ACTIVITY IN MOST STATES, REPLACING TRADITIONAL SOURCES OF INCOME.

CONCLUSION

IN CLOSING, I WOULD LIKE TO OBSERVE THAT TOURISM IS A COMPLEX ECONOMIC ACTIVITY THAT REQUIRES THE COORDINATION OF MANY LEVELS OF GOVERNMENT AND CLOSE COOPERATION WITH THE PRIVATE SECTOR. THE UNITED STATES HAS BEEN SUCCESSFUL IN EXPORTING ITS TOURISM PRODUCT, BUT THE TOURISM INDUSTRY MUST OPERATE IN A DYNAMIC AND RAPIDLY CHANGING INTERNATIONAL

BUSINESS ENVIRONMENT. ADVANCED TECHNOLOGIES, NEW ECONOMIC PARTNERSHIPS AND POLICIES AND THE EMERGENCE OF NEWLY INDUSTRIALIZED COUNTRIES ARE PROFOUNDLY AFFECTING THE INDUSTRY'S SCALE, SCOPE, PRODUCT AND PROSPECTS. IN THE NEXT DECADE, OUR CHALLENGE WILL BE TO CONTINUE TO ADAPT TO A RAPIDLY-CHANGING INTERNATIONAL MARKET.

MR. CHAIRMAN, THIS CONCLUDES MY PREPARED REMARKS. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

THE TESTIMONY OF JEROME C. OGDEN

DEPUTY ASSISTANT SECRETARY OF STATE FOR VISA SERVICES

BUREAU OF CONSULAR AFFAIRS

BEFORE THE HOUSE SMALL BUSINESS SUBCOMMITTEE
ON PROCUREMENT, TOURISM, AND RURAL DEVELOPMENT

THE VISA WAIVER PROGRAM
AUGUST 25, 1989
10 A.M.

Mr. Chairman, members of the subcommittee, it is a pleasure to appear before you today to discuss the Visa Waiver Pilot Program.

Section 313 of the Immigration Reform and Control Act of 1986 authorized a three-year pilot program to waive temporary visitor visas for up to eight countries. Nationals of participating countries are allowed entry into the United States for up to 90 days for tourism or business if arriving on a participating carrier in possession of a round-trip ticket and a signed waiver form.

The Pilot Program is now operating in all eight designated countries. The program began in the United Kingdom on July 1, 1988; in Japan on December 15, 1988; in France and Switzerland on July 1, 1989; in the Federal Republic of Germany and Sweden on July 15, 1989; and in Italy and the Netherlands on July 29, 1989. The Departments of Justice and State will submit a joint report to the Congress by July 1990, evaluating the program, its impact, and any recommendations about extending or expanding the current program. The Pilot Program will expire on September 30, 1991 unless Congress decides to extend it.

Designation as one of the eight countries is based upon reciprocal treatment of U.S. citizens, low nonimmigrant refusal rates for the two previous years, and visa issuance volume.

Applicants for entry under the Pilot Program are screened at the ports of entry by the Immigration and Naturalization Service. Security controls at ports of entry have proven adequate and effective to date.

The Visa Waiver Pilot Program is on the agenda of every monthly meeting of the Interagency National Transportation Facilitation Committee held at the Department of Transportation.

Our Embassy in London, where the program has been in operation for more than a year, has reported that the program is operating smoothly and that the decrease in visa applications has allowed the Embassy to cope with the continued workload increase in all visa categories not covered by the waiver program.

Our Embassy in Tokyo has reported a dramatic decrease in visa applications of about 80%. This is primarily due to the fact that about 6 major travel agencies in Japan handle nearly all the visa applications by Japanese and these agencies have enthusiastically promoted and supported the pilot program.

In the remaining six countries, the program has been in operation only for 2 to 6 weeks respectively. Initial reports indicate that the program is off to a smooth start. There are now 124 signatory carriers participating in the program.

Mr. Chairman, having commented on those aspects of the Visa Waiver Pilot Program of direct concern to the Department of State I will defer to my colleagues from the Department of Justice on issues involving admissions and processing at ports of entry.

I appreciate having had the opportunity to present our views before the subcommittee and look forward to working with you in the future on this program.

Doc. No.3424P

DEPARTMENT OF BUSINESS
AND ECONOMIC DEVELOPMENT

JOHN WAIHEE
GOVERNOR
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Testimony before the

U.S. House Committee on Small Business

Subcommittee on Procurement, Tourism, and Rural Development

The Honorable Ike Skelton, Chairman

August 25, 1989

Good morning. I am Barbara Kim Stanton, Deputy Director, State of Hawaii Department of Business and Economic Development. Thank you for the opportunity to present these remarks to you regarding Hawaii's tourism experience. Like many island nations with few natural resources, Hawaii has chosen tourism as a means of economic development. Hawaii has been most successful in its endeavors. In 1987, the visitor industry generated $5.6 billion in visitor expenditures, $831 million in State and County tax revenues, and 213,300 jobs. Preliminary figures indicate that 1988 visitor expenditures are even higher--ranging between $8.3 and $9.2 billion. Tourism accounts for one-third of the jobs and the revenues generated in Hawaii. Clearly, tourism is big business.

Hawaii's success in tourism is far-reaching and extends beyond the provision of employment and tax revenues for the State. As an export industry, Hawaii tourism assists the U.S. as a whole in its balance of trade payments. In turn, Federal assistance is required to ensure the continued success of tourism in Hawaii.

During the last 30 years, the State has made conscious efforts to disperse the State's population to the less developed Neighbor Islands thereby reducing the burden on Oahu's resources and infrastructure, as well as contributing to the economic development of the Neighbor Islands. The Neighbor Islands were thus targeted for development as secondary destination areas to complement Waikiki, as well as serve as alternative destination choices.

Efforts have been, and continue to be, made to ensure that tourism does not develop to the detriment of the local character of a region, especially rural areas as Hawaii continues to look toward growth on the Neighbor Islands. This is achieved through the following governmental programs:

- The permitting process, land use designations, and zoning codes;
- The provision of visitor industry education programs for both visitors and residents;

- The promotion of cultural tourism activities to preserve the heritage and tradition of an area (e.g., Aloha Week, Festival of Pacific, preservation of fish ponds); and

- The federally-funded Main Street program which assists aging communities revitalize and stimulate their economies through coordinating efforts of local businessmen, community groups, and government officials. Hilo, Hawaii, Waimea, Kauai, Hanapepe, Kauai and Wailuku, Maui are participants in this program.

Hawaii has a four-tiered concept of marketing to create destination awareness: the State Department of Business and Economic Development and its marketing arm, the Hawaii Visitors Bureau (HVB); HVB County Chapters; resort destination associations; and tourism-related businesses.

Using this tiered format, Hawaii has successfully developed new markets such as Japan through heavy promotion over the last ten years. As such, Hawaii was top-of-mind and well-positioned to take advantage of increased outbound travel from Japan due to relaxed travel restrictions, an expanding economy and favorable exchange rates.

Market research indicates that Europe and the Asian/Pacific countries of Korea, Hong Kong, Taiwan, and Australia are in the same stage of development that Japan went through over the last several decades. Hawaii will thus be targeting these countries over the short-term.

Hawaii will enter these new markets through five-year "roll-out" marketing plans to allow controlled expansion into these areas and flexibility to change course as needed.

Efforts begun last year to encourage charter flights and educational tours from Europe will continue. Other efforts will be formulated next year to assist in securing regularly scheduled flights from Europe by the early 1990s to coincide with the integration of the European Community in 1992.

Our experience in Hawaii indicates that the Federal government's role in competing for tha international traveler's business should be to continue to assist states already successful in tourism become even more successful. A state's tourism industry has far-reaching effects that benefit the U.S. as a whole as well as the individual states it operates within.

Accordingly, the Federal government could provide assistance to all states through:

- The continued and expanded maintenance of visitor attractions and parks on Federal properties;
- Increasing services at Federal facilities and attractions to accommodate the needs of international visitors (e.g., international signage, literature, and interpreters);
- The preservation of the natural environment;
- The generic promotion of the United States as a destination;

- The development of bilateral agreements with additional foreign countries to cultivate new sources of visitors;
- Waiving the visa requirement of travelers from foreign countries in addition to Japan; and
- Increasing FIS staffing at major airports to facilitate international travel.

We are hopeful that the Feseral government can assist Hawaii in the areas of bilateral agreements, and the provision of FIS. We would like Federal assistance to:

- Secure approval for co-terminalization of Statewide airports. This common rating for all airports would allow direct international flights to all airports within the State based on existing bilateral agreements.

- Continue to allow the State of Hawaii to be available as a resource in bilateral negotiations that directly affect Hawaii. New bilateral agreements should be negotiated and resolved apart from issues that are not related to the Pacific region.

- Secure bilateral agreements with countries such as West Germany to facilitate travel to Hawaii from new markets. Charters from West Germany indicate a desire for the Hawaii visitor product.

Scheduled air flights would greatly enhance our potential to cultivate this market source.

- Increase FIS staffing at Honolulu International Airport to ease current congestion.

- Establish FIS at the airports on the Neighbor Islands beginning with Kahului Airport on Maui. We believe the establishment of such services will greatly alleviate the current congestion at Honolulu International Airport. In addition, allowing direct international travel to the Neighbor Islands will open up new markets for Hawaii businesses to sell their goods.

Tourism is an integral part of Hawaii's economy as well as that of the U.S. We look forward to continued positive working relationships with the Federal government.

Thank you for the opportunity to present these remarks.

JOHN WAIHEE
GOVERNOR

EDWARD Y. HIRATA
DIRECTOR

DEPUTY DIRECTORS
JOHN K. UCHIMA
RONALD N. HIRANO
DAN T. KOCHI
JEANNE K. SCHULTZ

IN REPLY REFER TO:

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

Testimony before the

U. S. House Committee on Small Business

Subcommittee on Procurement Tourism and Rural Development

The Honorable Ike Skelton, Chairman

August 25, 1989

Chairman Skelton and members of the Committee:

Thank you for this opportunity to present the State of Hawaii, Department of Transportation's concerns regarding international tourism and the visa waiver program.

I am Jeanne K. Schultz, Deputy Director of the State Department of Transportation and Coordinator of Governor Waihee's Task Force on International Aviation.

The Governor formed the Task Force on International Aviation in November 1987 to address the specific concerns of international access to Hawaii and expediting international visitors through Immigration and Customs. We are also working to provide international access directly to the Neighbor Islands. DOT has been assisted by the Department of Business and Economic Development and the Hawaii Visitors Bureau in this task force.

I first want to address the need for expanded international access. International tourism is dependent on international air routes; this is especially true for Hawaii and gaining greater international access requires the support of the U.S. Congress and the federal agencies.

As tourism becomes more competitive world wide, Hawaii has found it necessary to take an ever increasing role in the negotiations process. The most pressing concern is the current U.S. - Japan negotiations. The U.S. is currently operating under a 1985 Memorandum of Understanding that is woefully inadequate. The current agreement means that while Hawaii attracts almost 50% of the Japanese traveling to the U.S. less than 25% of the available seats between the U.S. and Japan are on the Hawaii route. The talks enter Round Six in late October and we ask that you support a speedy resolution of the issues currently being discussed.

In addition to the Japan talks, Hawaii will also take an active part in the U.S. - Europe negotiations scheduled for this fall and winter.

Increasing the number of international air routes obviously means that we need to increase the staffing levels of the Federal Inspection Services agencies. Unfortunately, there is no coordinating procedure between the federal agencies negotiating the routes and the federal agencies responsible for border control. The current staffing levels of the agencies are not keeping pace with the present traffic load and a tremendous increase is needed to meet the future demand. On one hand, we, the U. S., are promoting international travel and tourism and, at the same time, we are creating a barrier at our borders.

Since Hawaii is the favored destination for Japanese travelers, we are feeling the effects of increased traffic and inadequate staffing more than other airports. Honolulu International Airport ranks number four in international traffic and in the number of non-U.S. passengers processed. Of the airports handling larger volumes of international traffic, New York has 225 INS inspector positions; Miami has 113 inspector positions and LAX has 117 positions. HIA has 61 permanent positions assigned.

The international traffic to HIA has grown at a rate of 17% to 18% per year for the last three years. Obviously, increases of this magnitude cause problems when the staffing does not keep pace. Part of the problem is that on any given day from 5:00 a.m. to 11:00 a.m. 23 to 35 wide-body aircraft are unloading 5,000 to 10,000 international passengers.

The curfews in Japan are usually blamed for this "peaking phenomenon." The curfews are certainly a factor but the effective utilization of aircraft, the geographic position of Hawaii, time zones, and the market preference of Asian travelers have more to do with "peaking" than do the curfews. It is unlikely that any of the factors listed will change in the foreseeable future. In fact, with

the increase in Pacific travel the arrivals will increase. We have to deal with the increasing traffic by building bigger facilities and adding more federal inspection staff.

DOT is taking the major step of investing more than $800 million to expand and update the airport system within the State of Hawaii. This includes a new International Terminal at Honolulu International Airport. This terminal will contain more than one and one-half million square feet with over 100 INS inspection stations. The completion date is targeted for 1992.

More federal inspection staff requires Congressional support. Through the efforts of Hawaii's Congressman, Daniel K. Akaka, Customs in Honolulu will receive $500,000 and 24 additional full time positions for HIA in the coming year. This is the first increase in permanent positions for HIA-Customs in more than three years. With this type of support, Customs should be able to maintain their current processing rate of five minutes to thirty minutes. Since March 1989, Customs has vastly improved their processing and the State is most appreciative of their effort.

We also want to recognize the positive efforts of the individual INS inspectors. These federal inspectors are trying to do their job but several processing problems inherent in the visa waiver program are making it difficult.

From 1986 to 1988, INS tripled the staff at HIA from 20 inspectors to 61. However, visa waiver was implemented at the same time and the expected improvement in processing time was never realized.

DOT's airport staff has been monitoring the situation and it does not present a positive picture. In July, international passengers had to stand in INS lines from ten minutes to one hour and twenty minutes. In addition to this ten to eighty minute wait in INS, the passengers were held at the gates from twenty to thirty minutes because the Immigration Hall was filled to it's capacity of 1500 people.

Hawaii has always supported visa waiver as a way to further relationships with our trading partners. However, the operational aspects are rapidly undermining our support. The program needs fixing and Hawaii is in the best position to help in this effort since the visa waiver program is used by 80% of all Japanese passengers entering HIA. HIA also receives more than 40% of all visa waiver passengers to the U.S.

In addition to the Japanese we also receive the British traveling on the U.K. visa waiver program. It is too early to tell what effect the additional six countries added to the visa waiver program will have on Hawaii.

It takes from 50% to 300% longer for an INS inspector to process a visa waiver passenger than to process a passenger with a visa.

Part of the delay is the time it takes the inspector to handle the forms. One solution is to combine I-94 and the 791 form.

The delay is also caused by the language barrier. The very concept of visa waiver means that the checking that was once done by the U.S. embassy staff in Japan is now done by the Immigration official at HIA. Picture if you will an English-speaking inspector asking questions of a Japanese-speaking traveller. It is obvious that the processing time will be affected. The staffing requirement has simply been reallocated from the U.S. State Department in Japan to the INS staff in Honolulu.

Hawaii needs immediate assistance; we need vacant positions filled and an additional 25 inspectors assigned to HIA just to handle the current traffic. Because it now takes the federal agencies up to 15 months to recruit, hire, security check and train new inspectors, we suggest that User Fee funds be used to hire non-inspection personnel on a intermittent basis to assist the inspectors with the visa waiver forms and with translation. If this is not done, we will not see any relief until mid-1990, even with an additional allocation.

Language training needs to be provided for the inspection staff. Federal inspectors, hired in the future, need to have a working knowledge of the languages spoken in the countries participating in the visa waiver program.

In closing, I would like to say that Congress recognized the problem of processing international passengers by establishing the 45-minute Congressional guideline. This guideline directs the federal agencies to process arriving international passengers within 45 minutes from the door of the plane to the curbside outside of Customs. This 45-minute guideline was to be upheld, even in at peak times, when several widebodies arrive simultaneously. We ask that Congress strengthen the guideline to a mandate and give the federal agencies the budget and the resources to meet it.

Attached to this testimony is the brochure prepared for Governor Waihee's presentation to the USTTA in June 1989 and HIA's "Menehune" flyer prepared for arriving Japanese passengers.

Thank you for this opportunity to present DOT's concerns involving our State's primary industry.

Hawaii Airports: Pacific Gateway to the United States

International Tourism Development is Vital to Hawaii

- Hawaii is developing international tourism to protect and expand its economic base.
- Tourism revenues contributed $9.2 billion to Hawaii's economy in 1988 with international tourism generating $4.2 billion.
- As air access increased between Hawaii and the U.S. mainland in the 1980s, tourism revenues grew more than threefold; the same trend is occuring with international tourism.
- Hawaii is the favored destination for many international travelers but air routes from foreign countries are limited.
- International tourism provides cultural and social exchanges necessary to Hawaii in diversifying its economy.

Hawaii's Role as a Gateway

- With a population of one million people, Hawaii's statewide airport system served nearly 32 million people in 1988.
- Honolulu International Airport provides 47,000 jobs and contributes $2.5 billion to the state's economy.
- Honolulu International Airport was the gateway to the U.S. for three million international visitors last year.
- Hawaii is the favored destination of Japan's "10 Million Program" and half of all Japanese travelers to the U.S. use Hawaii as their gateway.
- This trend is projected to continue with a 45% increase in Japanese visitors to Hawaii by 1992.
- Hawaii's favored destination status is being eroded by long waits upon arrival at Honolulu International Airport; competitive destinations in the Pacific, Asia and Europe are benefitting.

Factors in Hawaii's Development of International Tourism

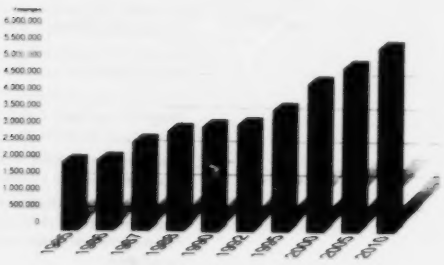
- One additional route, established between Hawaii and Japan, served by a carrier from each country, would generate more than $1 billion to the U.S. economy.
- Future air rights negotiations must weigh the economic needs of communities such as Hawaii.
- Air rights negotiations between Japan and the U.S. continue to falter; the lack of available seats between Hawaii and Japan diverts Japanese travelers to foreign destinations.
- The Congressional guideline to process international travelers through Immigration and Customs within 45 minutes must be met if Hawaii is to maintain its favored destination status.
- Special attention by the federal agencies is needed to ensure efficient and courteous inspections.
- Tourism revenues must be accurately measured and reported so that a higher priority is placed on passenger facilitation.

Hawaii's Action Plan

Acting to diversify the economy, Governor Waihee established the Task Force on International Aviation to bring Hawaii's concerns to the attention of Congress and federal agencies. Hawaii is:

- Pursuing charters and scheduled service from Europe and other international locations.
- Investing more than $800 million to expand and update the airport system within the State of Hawaii.
- Building a new International Terminal at Honolulu International Airport to handle the increase in passengers.
- Expanding the Neighbor Island Airports on Maui, Kauai, and Hawaii to receive direct flights from international cities.
- Completed interim improvements at Honolulu International Airport by expanding the Customs inspection area by 20%; increasing Immigration inspector stations by 40% and by adding international passenger coordinators to expedite the passenger flow.

International Passengers Entering the U.S. Through Hawaii



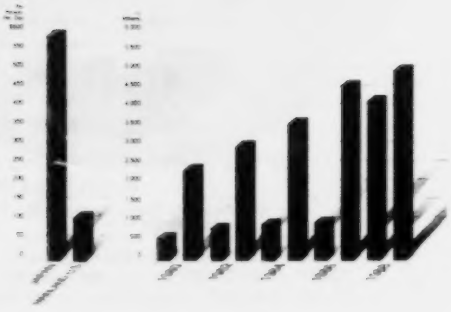
How the USTTA and the Tourism Policy Council Can Help

- ❑ Encourage the active participation of the Department of Commerce in air rights negotiation to fully develop the economic potential of international tourism.
- ❑ Request Congress to assure federal agencies meet the Congressional guideline to process international passengers within 45 minutes of arrival.
- ❑ Develop a mechanism, as specified in the Omnibus Trade and Competitiveness Act of 1988, that will accurately report tourism revenues in an international economic data system.
- ❑ Consider the significance of international air routes, gateway processing and international tourism revenues in any revision of the National Tourism Act of 1981.

For Additional Information

- ❑ Contact: the State of Hawaii, Governor's Task Force on International Aviation, Department of Transportation, 869 Punchbowl Street, Honolulu, Hawaii 96813, (808) 548-4711.

Visitor Expenditures in Hawaii



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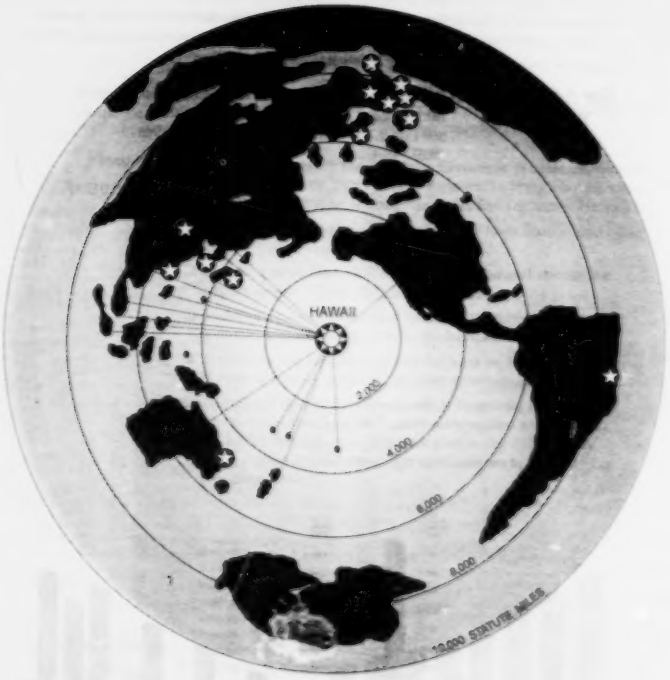
Hawaii Needs Expanded Access Through New International Routes



Legend:
- Additional Air Routes Needed
- Existing International Routes to Hawaii

Aloha and Welcome to Hawaii

アロハ！ハワイへようこそ。

アメリカ最初の寄港地、ハワイ州ホノルル国際空港では、ハワイを経由してアメリカに入国するすべての旅行者の入国手続きが行われます。この手続きをできるだけ円滑にするため、皆様のご協力をお願いいたしております。このパンフレットをご一読のうえ、皆様のご協力をいただければ幸いです。

■ビザ・ウエーバー・パイロット・プログラムにより入国される方
（ビザによらない入国）

このビザ・ウエーバー・パイロット・プログラムにより入国する旅行者は次の5種類の書類が必要です。ご搭乗の飛行機がホノルル国際空港に到着するまでに必要事項を記入した書類をお手元にご用意いただき、入国管理官および税関職員にご提示ください。

1. パスポート
2. FORM I-94（出入国記録カード）
3. FORM I-791（ビザ・ウエーバー・フォーム）
4. 帰りの航空券
5. 税関申告書（一家族につき一枚）

■ビザ・ウエーバー・パイロット・プログラムによらず入国される方
（ビザによる入国）

ビザ・ウエーバー・パイロット・プログラムによらず、通常のビザで入国する旅行者は次の3種類の書類が必要です。ご搭乗の飛行機がホノルル国際空港に到着するまでに必要事項を記入した書類をお手元にご用意いただき、入国管理官および税関職員にご提示ください。

1. パスポート
2. FORM I-94（出入国管理カード）
3. 税関申告書（一家族につき一枚）

現在、ホノルル国際空港の国際線到着ターミナルは改装工事中で、ご利用の皆様にご不便をおかけいたしております。工事完了は1992年の8月を予定しております。

皆様のハワイでのご滞在が素晴らしいものになりますよう、お祈り申し上げます。

Menehune Herald

メネフネ・ヘラルド

現在、ハワイ州の各空港では、世界各地からの観光客の増加に伴い、大規模な改装工事を実施中です。

工事中の安全確保のために、一部施設の移動や立ち入り禁止区域の設定などが施されております。

お客様が安全に、そしてわかりやすく空港をご利用いただけるよう、ハワイの「**メネフネ**」をデザインした案内標識を各所に配置いたしました。チケット・カウンターや各ゲート、バゲージ・クレーム、ご案内所、洗面所、そしてギフト・ショップなどを標示しております。

この「**メネフネ**」はハワイの伝説に登場する小人で、一夜のうちに巨大な建造物を作ってしまう不思議な能力をもっていると伝えられています。我々もその魔法の力にあやかり、この「**メネフネ**」を空港のマスコットに選び、一日も早く新しい空港が皆様にご利用いただけるよう、願いをこめました。

もし、ハワイの空港でお困りの際は、胸にこの「**メネフネ**」のバッジをつけた空港職員にご遠慮なくご相談ください。

またいつの日か、ハワイへいらっしゃる際には、この改装工事も終わり、新しいホノルル国際空港をご利用いただけるよう願っております。

ホノルル国際空港

ハワイ州交通局

HAWAII HOTEL ASSOCIATION
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2270 KALAKAUA AVENUE
HONOLULU, HAWAII 96815-2564
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August 25, 1989

Honorable Ike Skelton, Chairman
Subcommittee on Procurement, Tourism, and Rural Development
Committee on Small Business
U.S. House of Representatives

Dear Chair Skelton and members:

My name is Clem Judd, Jr., executive director of the Hawaii Hotel Association. We are the statewide association for Hawaii's hotels and over three hundred hotel-related businesses, almost all small businesses.

We would like to make a few short comments on international tourism and particularly the role of the federal government in this area.

First, we have attached a copy of our testimony in June in support of the budget of the U.S. Travel and Tourism Administration, for your review. It is self-explanatory.

We have been strong advocates of the visa waiver program and support its expansion. We also need to improve our welcome to foreign visitors. We need to provide an "aloha spirit" in our customs and immigration procedures. These tough federal requirements can be done in an efficient, friendly manner. Further efforts to improve this area need to be encouraged.

The most important thing we need is a strong tourism policy at the federal level. The past position of our federal administrations have been very luke warm. If not for the support of the members of Congress, we would have lost the USTTA several years ago.

We would like to go on record commending your efforts on behalf of the industry. The support, particularly of the Congressional Travel and Tourism Caucus, has been invaluable. We need to further this effort.

Thank for the opprotunity to comment. Mahalo and Aloha.

Clement M. Judd, Jr.
Executive Director

President
LOUIS FINAMORE
Kahala Hilton
1st Vice President
PETER SCHALL
Hilton Hawaiian Village
2nd Vice President
PATRICK COWELL
Hyatt Hotels Hawaii
Treasurer
HENRY HU
Waikiki Holiday
Executive Director
CLEMENT JUDD, JR.

Directors
URS AEBY
Halekulani
MATTHEW BAILEY
Kaauhou Beach
PATRICK BIRMINGHAM
Sheraton Hotels in Hawaii/Japan
STEPHEN F. P. BOYLE
New Otani Kaimana Beach
JOHN BROGAN
Sheraton Waikiki
BRUCE CURTIS
Maui Marriott Resort
DONALD DICKMENS
Hawaiian Regent
FRED DUERR
Kona Village
ROBERT FRANCIS
Ilikai
PETER HERNDON
Kauai Hilton & Beach Villas
DIETER HUCKESTEIN
Hilton Hawaiian Village
BRAD JENCKS
Maui Inter-Continental Wailea
RICHARD KELLEY
Outrigger Hotels Hawaii
ADI KOHLER
Mauna Kea Beach
DIETRICH MAYRING
Outrigger Hotels Hawaii
DOROTHY MILLAR
Ilikai Kai Beach Club
DANIEL MITSUDA
Pagoda
MAURICE MYERS
Hawaii Visitors Bureau
ERNEST NISHIZAKI
Sheraton Kauai
WILLIAM PAUL
Waikiki Beach Press
KARL RATHGEB
Kaanapa Bay Hotel
SHEILA SCARLETT
Aston Waikiki Beach Tower
DONN TAKAHASHI
Shoutter Wailea Beach
ANDRE TATIBOUET
Aston Hotels & Resorts
KOEN WITTEVEEN
Ramada Renaissance Ala Moana Hotel

Legislative Consultant
G.A. "RED" MORRIS

American Hotel &

TESTIMONY OF THE HAWAII VISITORS BUREAU

by Stanley Hong, President

BEFORE THE HOUSE SMALL BUSINESS
SUBCOMMITTEE ON PROCUREMENT,
TOURISM AND RURAL DEVELOPMENT

August 25, 1989

State Capitol Auditorium

STATEMENT TO THE CONGRESSIONAL DELEGATION
RE: CITIZENS BYPASS PROGRAM & VISA WAIVER

At this time, I would like to address three subjects:

1) the recent cancellation by the immigration and naturalization service (ins) of the citizen bypass program;

2) the implementation of the visa waiver;

3) the adverse effects that the combination of these actions are having upon our ability to facilitate both U.S. citizens and foreign visitors through immigration and customs at Honolulu International Airport.

The Citizens Bypass Program was, by our estimation, an excellent program. It allowed U.S. citizens returning from abroad to be facilitated through a simple and separate immigrations procedure. This alleviated a large portion of the traffic that backed up in the area where foreign visitors are processed.

The cancellation of this program has created major problems for the personnel infrastructure at the airport. Inspectors, who had previously handled foreign visitors, must now process returning U.S. citizens as well.

Currently, twenty percent (20%) of the immigration stations are being used to process returning Americans.

The implementation of the visa waiver further exacerbates the problem. Forty percent (40%) of all foreign visitors who enter the U.S via the waiver do so through Honolulu International Airport. And 80% of the Japanese visitors traveling under the waiver also enter through our airport.

Eliminating the Citizen Bypass Program at the same time that the visa waiver was implemented has proven to be a big mistake.

The processing time for foreign visitors has increased by fifty (50%) to three hundred (300%!) At this time, it can take up to one hour and 20 minutes for foreigners to go through immigration! Since eastbound morning flights often arrive at the same time, the processing time can take up to two hours! This is totally unacceptable.

Our efforts at the HVB are aimed at attracting visitors from around the world to the islands; to insure that their experience while they are here exceeds expectations; and to show them the many reasons for returning to Hawaii.

(more)

The current situation in the federal inspection area sabotages those efforts, hurts the visitor industry and has a negative influence upon our economic mainstay.

Visitors' first impressions are formed when they first arrive. If they're needlessly stuck in line for a couple of hours with hundreds of other people, what do you think their impression will be?

Our immigrations & customs people are doing the best that they can under impossible circumstances. The problem is that we still don't have the staff to handle the influx of people, even with a 300% increase over the last three years in hiring new immigration inspectors.

That percentage of increase in hiring is misleading because we had only 20 immigration people on staff three years ago -- and now there are 60.

And the language barrier, especially when dealing with so many Japanese visitors, further burdens the exisitng staff.

Ten to fifteen vacancies are waiting to be filled at this time. We need at least another 25 inspectors to get things under control. And we need to hire bi-lingual people for those positions.

We strongly support the Citizen Bypass Program and hope that it will be reinstated as soon as possible.

We also embrace the spirit of the visa waiver. But until the operational concerns are addressed, we cannot fully support it.

We urge the congress to help us face the problem; to direct immigration and customs budgets which will insure that staffing needs are met. And in so doing, to encourage international tourism.

Hawaii needs immediate attention! Thank you.

INTERNATIONAL TOURISM

The Hawaii Visitors Bureau first opened its doors in 1902. While it is true that we are one of the oldest and most experienced tourism organizations in the world, we have learned to enjoy our history without relying upon it too much as a guide to the future.

International tourism is an ever-changing phenomenon. Past experience and techniques may provide some insight and proven methods of promotion, but the primary requirement in our business is the ability to anticipate future trends and be willing to make the necessary changes quickly.

Almost everything that happens in the world has an impact upon global tourism: For example: a rise or fall in the economies, new technologies, political and labor unrest, the emergence of a new industrial state -- all have their effect. Tourism is caught up in a global ecology in which the devaluation of currency half a world away can affect the visitor count in Hawaii.

The situation is going to accelerate. Statistics indicate that by the year 2000, tourism will be a $2 trillion per year industry -- the single largest sector of the world economy! New technologies are constantly evolving. New non-stop jets are making the world a smaller, and closer place, for more and more markets.

Competition is escalating. Countries are spending millions more on their tourism budgets. For instance, Jamaica, in one year has increased its tourism spending 100% to $30 million.

It is our hope that the Federal Government is anticipating the changes and the events forecast for the year 2000 and well beyond -- to the point where sufficient planning and preparation is taking place. The United States must be ready to play the pivotal role in the proper management of future tourism. Now is the time for all of us to anticipate and plan for the prospect of mass movements of people a few years hence.

We have to be ready. Already, statistics have revealed that the U.S. Travel and Tourism Administration has a current budget which falls short of the annual tourism promotion budgets of such small nations as Singapore and the Bahamas.

The hard facts are that you cannot promote a destination adequately with out adequate funding; there are no short-cuts.

The Hawaii Visitors Bureau currently works with some $15 million dollars. Our main long-term competitors are Mexico, with its annual budget of some $60 million; Australia, with a budget of $20 million; and the Caribbean, with its combined budgets of more than $100 million dollars.

In the next decade, we will see aircraft flying non-stop to destinations anywhere in the world. As Hawaii is the most remote landfall for tourism on earth, we will need to be prepared to meet the challenge --and we will need help to that end -- if we are to maintain a viable visitor industry.

The federal government needs to assist us, and in fact has done so already. Its lowering of visa barriers in December, 1988, was a positive step. Of course, in one sense, it has merely shifted the venue of screening from the embassies and consulates to the airports, where immigrations officials now do the screening. Its overall effect, however, brings a new spirit to international tourism.

One area which the government might consider offering support is by providing background data for Americans visiting foreign countries. We are aware that unclassified State Department backgrounders on various countries provide the best and most reliable information extant. This kind of data should be made readily available to Americans, to help them be better Ambassadors for the U.S. as they travel abroad.

Quite often, the pamphletts and brochures produced by foreign countries are inadequate as tools for U.S. visitors.

The government can boost our efforts simply by reviewing the way in which it regards Hawaii and tourism. Because of our mid-Pacific location, air routes are our life-blood. While getting more flights to Kansas may be a domestic problem, getting more flights to Hawaii is an international one.

We can make projections that show how planned hotel rooms on the Island of Maui alone will require an additional two flights per day. Therefore, we need government support to make sure that the transportation industry in our country can keep up with the visitor demands and the infrastructure of the visitor industry.

Not that long ago, we were once again reminded of Hawaii's remoteness when a 28-day airline strike interrupted our visitor flow and cost us 79,000 visitors --or 790,000 empty room nights!

Because of its proximity and comparatively low airfares, California is 40 percent of our visitor source. But Australia is offering stiff competition in this market.

We must do long-range destination marketing. Europe, in particular the United Kingdom and West Germany, is becoming an increasingly important market. And the 1992 consolidation of European economies will offer 320 million potential European consumers the chance to visit Hawaii. With Governor Waihee's recent program to aggressively market Hawaii in Europe already in effect, we are demonstrating how seriously we take our long-range destination marketing.

We have always viewed Asia as an important market and have had some success there. The HVB has maintained an office in Tokyo for 10 years, is now in Hong Kong and has representation all over the Asia Pacific Rim.

Japan provides us with a million visitors per year, between 17 and 19 percent of our annual visitor count. We believe that Korea will be a new and strong market, and there should be more visitors from the newly industrialized nations of Southeast Asia.

International tourism --to Hawaii or any other attractive destination -- will continue to grow in volume, and complexity in the years to come. The Federal Government should play a leading role in promoting tourism world-wide.

Now is the time to acknowledge tourism's potential and to plan for its future.

SECONDARY DESTINATION MARKETING

It was a mere seven years ago, in 1982, that we in Hawaii were not as successful at secondary destination marketing as we are today. At that time, our marketing efforts were fragmented. Historically, we had dozens of small organizations pursuing their own goals and interests, not necessarily supporting the overall interests of the State -- or even of their own particular island.

The visitor industry was perceived as speaking with many voices and not saying the same thing with any degree of unity.

During this period, our Neighbor Islands were coming into their own as far as the industry was concerned. They were being "discovered" by the world and as they began to develop their respective visitor attractions, activities and facilities, there was a growing desire on their part to promote their own interests.

The situation tended to confuse people, and it fostered divisions within the industry itself. There was a marked lack of unified effort.

It became apparent that this fragmentation was going to worsen unless we made some radical changes in our approach.

Consequently, we addressed the problem to the various groups and presented them with the famous quotation which begins, "Ask not, what your industry can do for you, etc...." a quote which originated, I might add, with Cicero in 55 B.C.

The opening of communication in pursuit of unity was the turning point.

We received some significant help. Hawaii was one of the first states to write a State Tourism Plan, and it called for the development of the Neighbor Islands as tourism destinations. This plan is constantly being reviewed and revised, and it remains one of the foundations upon which we can build our marketing program.

With this mandate from the State, and the opportunity to involve a larger community, we took a logical step -- The Hawaii Visitors Bureau formed County Chapters on each Island. This accomplished two things:

First, we acknowledged the growing attractiveness of our Neighbor Islands as tourism destinations. Thus, we recognized their desire to promote themselves for the benefit of their own economies.

Secondly, by setting up a unified communications network with the County Chapters, we found that we could support and learn from one another. Above all, we began to speak as one voice -- even as we promoted the different Islands.

The end result was that we finally were able to achieve a degree of continuity in our promotional efforts, while allowing each Island autonomy to promote itself in an appropriate manner geared towards its particular situation.

Another manifestation of the new cohesiveness is our ability to share in the costs of cooperative ventures that benefit Hawaii as a whole.

The re-organization has been working out so well, that we recently formed a Chapter on Oahu for the first time. And we are happy to say that it is doing very well.

Of course, it is one thing to organize a Chapter, and quite another to fund it. The Chapters have been mandated to serve as the tourism promotional vehicles for the various counties. Therefore, they receive funding from the State as well as from the county governments. The Chapters are also free to solicit funding from private membership.

The individual Chapters prepare their own budgets within a framework of anticipated funds, and then develop their promotional programs accordingly. Chapters often engage in joint advertising and promotional efforts with the Hawaii Visitors Bureau -- usually involving a major third party such as an airline, major hotel or hotel chain.

This spirit of cooperation is perhaps the best example of how, today, we have learned to promote our respective destinations while at the same time sending out a harmonious message about what Hawaii has to offer to all potential visitors.

It would be an over-simplification to smugly say that we have our act together. But in fact, what we have accomplished is to capitalize upon the many promotional opportunities provided by our Neighbor Islands, within the State's mandate for secondary destination area promotion. More importantly, we have encouraged the various destination promotional groups to work with us -- within a unified framework.

It is highly gratifying that today, a diversity of local industries are represented on our Neighbor Island boards and committees, providing further evidence that the importance of tourism is now being recognized by other industries statewide. This proves that our "Chapterization plan" was an idea whose time has come.

Our ability to recognize the need for change, and to create a new spirit of unity in implementing these changes are the main reasons why today, we are much improved in the area of secondary destination marketing in Hawaii.

Testimony
Masao Hayashi

Field Hearing
Small Business Subcommittee on Procurement,
Tourism and Rural Development

Congress of the United States
House of Representatives

Chairman Skelton, Congressmen Hayes, Akaka, and Hall.

My name is Masao Hayashi and I am executive vice president and general manager of the Hawaii division of Japan Travel Bureau's International network, JTB International.

JTB, our parent organization, was founded in 1912 in Japan as a travel agency. In the nearly eight decades since its founding, JTB has become the world's largest travel company, with more than 100 subsidiaries, 16 of them abroad, and 17,000 employees world-wide. In Japan alone, JTB operates 480 offices throughout the country.

Our member companies in Japan and abroad are involved in a wide variety of travel, trading, and service activities, including: hotel and resort development and management; transportation, credit card, traveler's check, and car rental services; real estate; restaurants; and the publishing of travel-related publications. Our division, JTB International, manages the company's travel agencies and tour operations outside Japan.

JTB serves one of every six Japanese traveling abroad annually, or about one million people. Our total sales volume represents roughly 20 percent of Japan's entire travel industry.

JTB International has been in Hawaii for 25 years and has enjoyed much success in promoting the islands as the prime overseas destination for Japanese travelers and in contributing to the continued growth of the state's top industry. In fact, of the nearly 1.3 million Japanese who visited Hawaii in 1988, more than 210,000 were JTB clients.

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Clearly, the trends indicate that Japanese are traveling overseas in greater numbers, which bodes well for the visitor industries of the United States in general, and Hawaii in particular. We predict that, by 1992, the number of Japanese visitors traveling to Hawaii alone will reach beyond the 2 million mark, which we consider a remarkable figure for a nation of 120 million people.

But success is not guaranteed by any means. Strong competition is emerging throughout the world. Europe, for example, has become the most desired place to visit for Japanese honeymooners, who traditionally have been a significant element of the travel market. And Australia has proven to be very adept at attracting growing numbers of Japanese, as much as ten-fold in the past decade. Other nations are demonstrating considerable aggressiveness and skill in competing for their share of the foreign visitor market.

Despite the increase in competition, we at JTB International are quite optimistic about Hawaii's abilities to retain its hold on a major share of the Japanese visitor market, for a number of reasons.

The first three are business-related: First, the yen's strength against the dollar will enable Japanese to spend more abroad and get more for their money. Second, Japanese banks are now closing on weekends for the first time, which should encourage other businesses to follow suit and lead to more time encourage other businesses to follow suit and lead to more time for leisure travel. Third, the Japanese government has eased the regulations on tax exemptions for firms that subsidize travel for employees.

Meanwhile, from a demographic standpoint, we're witnessing a substantial increase in the number of traveling young people, particularly young women who have more disposable income than men, and who tend to use all their acquired vacation time for such activities as travel.

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We are also expecting an increase in the number of air carriers with Japan-to-Hawaii service, which should result in more competition to attract passengers with low-cost airfares. Three years from now, the new Kansai International Airport will open, thus becoming Japan's first 24-hour airport. This will result in more flights to Hawaii.

On this side of the Pacific Ocean, we feel that the Hawaiian Islands are an ideal destination for Japanese.

Hawaii has the best of everything, and the Japanese know it. The climate, its proximity to Japan, and its wealth of resort, entertainment, and shopping attractions are all familiar to the Japanese. And with the low cost of travel packages, travelers know they'll get the best value for their money. Hawaii also has a low crime rate compared to other destinations. And, of course, the famous "aloha spirit" creates an atmosphere and feeling of goodwill that naturally leaves visitors with the desire to return.

There are a number of steps that Hawaii has to take to ensure the continued success of its visitor industry, such as in government-sponsored promotions; maintaining a high level of trained manpower, including the professions; and ensuring continued support for, and receptivity to, this vital element of the economy.

But the Congress and federal government also have a critical role to play if Hawaii is to retain its status as the top visitor destination spot for Japanese.

In that regard, the visa waiver pilot program has been an unqualified success, and we hope you make it permanent.

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We've witnessed a significant increase in the number of last-minute bookings to this country, now that travelers no longer have to wait for their visa clearances. It's been very effective in promoting the United States and Hawaii. As a matter of fact, our experiences showed that the U.S. did enjoy a marked increase in travelers during the term of this pilot program. It's enabled Japanese to travel on as little as a day's notice. Just last week, for example, JTB booked 40 travelers on one day's notice.

The pilot program has had a ripple effect on the visitor industry. Travel agencies like JTB have had to move quickly to accommodate this rush to travel. We've also had to implement new promotional concepts to encourage, and accommodate, this new type of travel;. Hotels have had to react quickly to meet the demands of a different type of Japanese guest. The bottom line is that Japanese travelers are becoming much like American travelers, in the sense that they now have greater freedom and flexibility to travel abroad, and Hawaii and the U.S. are the beneficiaries.

The visa waivers have curtailed the long lines that used to be commonplace at the U.S. Embassy and its consulates in Japan. Unfortunately, those long lines of Japanese have been merely transported across the Pacific to Hawaii. Today, instead of waiting at the U.S. Embassy, Japanese have to wait at Honolulu International Airport for their customs and immigration clearances.

I do want to make the distinction that the success of the visa waiver pilot program is <u>unrelated</u> to the congestion at Honolulu Internationa Airport. The local airport congestion was with us long before the visa waivers were established. Futhermore, other major foreign ports-of-entry outside of the United States have very speedy and efficient foreign arrival systems.

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You should know that Japanese travelers view Honolulu's entry system for foreign arrivals as the worst in the world. Word has spread quickly among travelers that waits of two to four hours are common for customs and immigration. We understand the situation and make every effort to explain the reasons for this process. But despite our best intentions, it's extremely difficult to convince travelers of its necessity.

We need only put ourselves in the place of these visitors to realize that such a frustrating and time-consuming ordeal makes a strong and negative impression on their initial and overall perceptions of their hosts. Japanese can just as easily bypass Hawaii and fly on to other foreign destinations, which, as I mentioned, have efficient systems. Once they bypass Hawaii, it will be very difficult to lure them back.

This problem has two dimensions. First, overseas flights are all required to arrive during the morning hours. Requiring thousands of travelers each day to arrive in a four- or five-hour window places an unnecessary burden on the customs and immigration staff and taxes the patience of the travelers.

Second is the customs and immigration system at Honolulu International Airport. These clearances require waits of anywhere from one to three hours. JTB recently completed a six-month survey of our clients. It revealed that 75 to 80 percent of them waited at least one to two hours for their clearances in Honolulu.

The Customs Service recently created a queue system to serve Japanese travelers. It's working quite well, but we are still weary that we will return to the long lines again.

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We acknowledge the efforts of the U.S. Customs Service and the Immigration and Naturalization Service. They've done all they can to streamline the system. But it hasn't been enough. We know there are space limitations. personnel shortage, and restrictions for this operation. But how long can we permit this situation to continue before frustrated and angry visitors go elsewhere?

Another problem we face is the general manpower shortage in the visitor industry. Overall, we simply do not have enough bilingual tour guides, hotel and restaurant personnel, and other key staff members.

Here again, Congress can alleviate the problem by making it easier for Japanese nationals to be temporarily employed in the United States. Australia and Canada already have such a visa, called a working holday visa, and it's enable them to find the additional trained people they need to build their visitor industries. Such a measure would be of great benefit to visitor industry in Hawaii.

You might also consider permitting the family members of foreigners on E-1 visas to work in the U.S. as another means of meeting the demand for bilingual workers.

Hawaii can and will enjoy a large measure of success as a prime destination for Japanese travelers, but your support will be very critical to the future of this state.

Therefore, based on our experiences, we would like to offer the following recommendations:

(1) The visa waiver pilot program should be made permanent. It's proven to be highly popular among the Japanese and a tremendous incentive in attracting more travelers to come to Hawaii and the United States.

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(2) The U.S. Customs Service and Immigration and Naturalization Service must have a greater amount of funding support to accommodate the rapidly-increasing demands on their limited personnel and resources.

(3) The federal government should consider establishing a customs and immigration operation on one of the neighbor islands. This would reduce the burden on Honolulu International Airport while improving the volume of direct passenger traffic to destinations outside Oahu.

(4) Congress should ease visa restrictions to permit foreigners to work for short periods in the U.S.

These are, we believe, modest steps which Congress can take that will enable Hawaii to solidify and expand its status as the prime overseas destination for the Japanese. Without Congressional support, Hawaii will be unable to meet the challenges and competition in this marketplace.

On behalf of JTB International, I thank for you interest in the visitor industry and this rare opportunity to share my thoughts with you.

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STATEMENT OF MR. PAUL TRIBLET, SENIOR VICE PRESIDENT AND DIRECTOR OF MARKETING SHERATON HOTELS

ON BEHALF OF SHERATON HOTELS IN HAWAII AND AS A MEMBER OF THE HAWAII HOTEL ASSOCIATION, I WANT TO THANK YOU FOR GIVING ME THIS OPPORTUNITY.

I WILL SHARE WITH YOU OUR EXPERIENCE IN MARKETING HAWAII'S SECONDARY DESTINATIONS TO THE GLOBAL MARKET.

AS _____ HAS JUST TOLD YOU, THE VISA WAIVER PILOT PROGRAM HAS HAD A POSITIVE IMPACT ON THE MARKETING OF HAWAII AND WE FULLY SUPPORT ITS CONTINUATION.

THE VISA WAIVIER'S PROGRAM SUCCESS CAN CLEARLY BE SEEN IN THE IMPACT IT HAS MADE ON TRAVEL TO HAWAII FROM ASIA, EXPECIALLY JAPAN.

BUT IT CAN ALSO BE SEEN IN INCREASE IN TRAVEL FROM EUROPE.

THIS PROGRAM HAS GIVEN THOSE WHO SELL HAWAII A VALUABLE NEW MARKETING TOOL TO PROMOTE THIS DESTINATION. IT ALLOWS US TO PURSUE THE UPSCALE EUROPEAN, ASIAN AND AUSTRALIAN TRAVELLER WHO MAKES A LAST MINUTE DECISION TO TRAVEL. THE LACK OF VISA RESTRICTIONS HAS MADE HAWAII A DESTINATION POSSIBILITY FOR THIS VERY LUCRATIVE MARKET.

THE VISA WAIVER PROGRAM ALSO HAS A DEFINITE POSITIVE IMPACT ON OUR ECONOMY. IN A WORLD WHERE THE POWER OF OUR NATION IS SOMETIMES QUESTIONED, OUR WILLINGNESS TO MAKE IT EASIER FOR PEOPLE TO TRAVEL TO THE UNITED STATES PROMOTES GOODWILL FOR NOT ONLY THE DESTINATION BUT FOR THE NATION AS WELL.

FROM PERSONAL EXPERIENCE, I KNOW HOW HARD IT USED TO BE TO GET A VISA FROM THE EMBASSIES ABROAD. THERE WERE LONG LINES, AND THE WAIT COULD BE FROM HOURS TO DAYS LONG. THIS VISA WAIVER PROGRAM ENCOURAGES TRAVEL TO HAWAII BY ELIMINATING THE INCONVENIENCE THAT ADDS ONE MORE OBSTACLE TO CHOOSING A HOLIDAY DESTINATION.

HAWAII'S SUCCESS AS A PROMOTER AND DEVELOPER OF SECONDARY DESTINATIONS LIES IN ITS UNDERSTANDING THAT EACH ONE OF OUR ISLANDS IS A DESTINATION UNTO ITSELF--EACH POSSESSING A UNIQUE PERSONALITY THAT PROVIDES FOR OUR VISITORS TO HAWAII THE OPPORTUNITY TO VISIT SEVEN DESTINATIONS IN ONE.

THIS IS A KEY FACTOR IN OUR SUCCESS FOR IT BRINGS TO HAWAII THAT MOST TREASURED MARKET SEGMENT--THE REPEAT VISITOR. WE HAVE THE ABILITY TO PROVIDE, AGAIN AND AGAIN, A SIMILAR YET STRIKINGLY DIFFERENT VACATION EXPERIENCE.

HAWAII HAS VACATION EXPERIENCES THAT SPAN THE SEASONS OF ONE'S LIFE. WE FIND THAT THE YOUNGER VISITORS WANT THE SUN, SAND AND SURF, BUT ARE ALSO PRIMARILY ATTRACTED TO THE NIGHTLIFE OF A COSMOPOLITAN DESTINATION. FOR THOSE VISITORS, OAHU AND WAIKIKI IS THE PERFECT VACATION PARADISE.

THOSE WHO ARE A LITTLE OLDER, WHO ARE LOOKING FOR A VACATION TO ESCAPE THE BUSTLE OF BIG CITY STRESS, PREFER THE QUIET BEAUTY OF HAWAII'S NEIGHBOR ISLANDS, WHERE THE PACE IS RELAXING AND THE ACTIVITY OF THE DAY GIVES WAY TO GENTLE SUNSETS AND CALMING MOONLIGHT.

THE MATURE TRAVELLER PREFERS TO LEARN MORE ABOUT THE HISTORY AND CULTURAL ASPECTS OF OUR ISLAND HISTORY. THEY CHOOSE THEIR DESTINATIONS BASED UPON THEIR DESIRED ACTIVITY LEVEL.

HAWAII'S NEIGHBOR ISLANDS ARE THE PROTECTORS OF OUR ISLAND CULTURE AND HISTORY, A CHARM THAT IS VITAL TO OUR CONTINUING SUCCESS AS A VACATION DESTINATION. IN THE LAST TWO YEARS, YOU HAVE SEEN A RENAISSANCE ON OAHU, A REAWAKENING TO THE UNDERSTANDING THAT WHAT MAKES HAWAII SO RARE IS NOT THAT WE MEET THE SPECIAL DEMANDS OF THE MORE SOPHISTICATED TRAVELLER, BUT THAT WE MET THE EXPECTATION THEY HAVE OF HAWAII AS PARADISE.

WITH SO MANY EXPERIENCES THAT HAWAII CAN OFFER, WE ARE ABLE TO TARGET OUR MARKETING EFFORTS TO SPECIFIC SEGMENTS. THE AUSTRALIANS LOVE THE ACTIVITY OF WAIKIKI, WHILE EUROPEANS WHO ARE MORE FAMILIAR WITH THE COSMOPOLITAN CITY LIFE PREFER TO SPEND THEIR VACATIONS ON A DESERTED BEACH ON KAUAI OR HIKING INTO THE MOUTH OF HALEAKALA CRATER.

THE APPEAL OF HAWAII IS THAT IT IS A DESTINATION FOR ALL REASONS, AND THE REASONS ARE AS VARIED AS THE LANDSCAPES THAT MAKE UP OUR ISLAND CHAIN. BY LISTENING TO OUR CUSTOMERS, WE HELP THEM FIND THE VACATION NICHE THAT MAKES THIS DESTINATION THEIR IDEAL VACATION CHOICE.

IT IS NOT EASY. THIS IS A DESTINATION THAT HAS EVOLVED FROM THE FIRST WAVE OF TOURISTS WHO TRAVELED TO ITS SHORES IN THE 1950S AND 1960S. THE SOPHISTICATED TRAVELLER OF THIS DECADE DEMANDED THAT WE BECAME CREATIVE IN OUR MARKETING EFFORTS TO ENABLE US TO GET THE REPEAT BUSINESS. WE CONTINUE TO EXPAND OUR HORIZONS TO ATTRACT DIFFERENT MARKETS AND THEN TO INSURE THAT WE HAVE ENOUGH AIRSEAT CAPACITY TO ACCOMMODATE THAT GROWTH.

THIS DEVELOPMENT IN OUR LIFE AS A DESTINATION HAS NOT BEEN WITHOUT ITS GROWING PAINS.

SHERATON HOTELS HAS BEEN INVOLVED IN THIS INDUSTRY OF TOURISM SINCE HAWAII BECAME A STATE IN 1959. THE SHERATON MOANA WAS THE FIRST HOTEL BUILT ON WAIKIKI BEACH IN 1901 AND THE SHERATON ROYAL HAWAIIAN BECAME THE PACIFIC'S "PINK PALACE" IN 1927. THESE TWO HISTORIC LANDMARKS HAVE STOOD THE TEST OF TIME, AND HAVE BEEN SUCCESSFUL BY ACCEPTING AND MEETING THE CHALLENGE OF STAYING COMPETITIVE IN AN EVER CHANGING WORLD.

TO REMAIN AS TO OF WAIKIKI'S GRAND LADIES OF HOSPITALITY, WE, LIKE MANY OF OUR INDUSTRY PEERS AND THOSE IN THE PUBLIC AND PRIVATE SECTOR HAVE IN THE LAST FEW YEARS GIVEN OURSELVES A FACELIFT.

MILLIONS OF DOLLARS HAVE BEEN SPENT IN CAPITAL IMPROVEMENTS TO GET US READY TO GREET THE NEXT CENTURY OF TRAVELLERS TO HAWAII.

OUR IMPROVEMENTS SURPASS THOSE OF FACILITY RENOVATION. WE KNOW THAT ONE OF THE SECRETS OF OUR SUCCESS IS EVERYTHING THAT IS THE HEART OF HAWAII. HER PEOPLE, HER DANCES, HER MUSIC, HER FLOWERS, AND HER TRADITION OF ALOHA.

OUR SUCCESS, WILL BE MEASURED BY OUR ABILITY TO KEEP ALIVE THE HAWAII THAT PEOPLE DREAM ABOUT, THE ALLURE OF THESE ISLANDS THAT HAS BECKONED TRAVELLERS TO HER SHORES FOR MORE THAN A CENTURY. FOR TRULY THERE ARE OTHER RESORT DESTINATIONS THAT OFFER FINE FACILITIES, WIDE SANDY BEACHES, AND BEAUTY UNSPOILED BY HIGH RISE DEVELOPMENT MUCH CLOSER TO HOME THAN HAWAII.

HOWEVER, OUR SUCCESS IN THE GLOBAL MARKETPLACE IS DEPENDENT ON THE SPIRIT THAT IS HAWAII'S TRADEMARK. THE SPIRIT OF ALOHA. WE WILL CONTINUE TO NURTURE AND PROMOTE THOSE VALUES, ATTITUDES AND CHARACTERISTICS THAT ARE THE ESSENCE OF THAT SPIRIT.

ALOHA IS HAWAII'S MOST COMPETITIVE MARKETING TOOL. IT IS HER TRADEMARK AND HER CALLING CARD. ABOVE ALL, ALOHA IS TOURISM'S TREASURE.

WHILE WE AS SALES AND MARKETING EXECUTIVES HAVE BEEN BLESSED WITH THE BEAUTY OF SEVEN DIFFERENT ISLAND DESTINATIONS, WE MUST CONTINUE TO NURTURE NOT ONLY THE SPIRIT OF ALOHA, BUT THE COMPETITIVE SPIRIT THAT CREATES A PRIDE OF DESTINATION.

OUR SUCCESS DEPENDS ON OUR ABILITY TO LISTEN WELL TO OUR CLIENTS. TO BE FLEXIBLE TO MARKET TRENDS AND WORLD CONDITIONS, AND NOT TO FIGHT THEM.

OUR SUCCESS HINGES ON OUR COMMITMENT TO MATCH THE EXPECTATIONS OF THE VISITORS WITH THE DESTINATIONS WITHIN HAWAII THAT MAKES THEIR DREAMS COME TRUE.

IN HAWAII, THERE ARE TRULY NO SECONDARY DESTINATIONS. EACH ONE CREATES THE FUTURE OF THE OTHER. AND THAT, WE BELIEVE, IS PARADISE.

Dear Chairman Skelton & members:

My name is William Cataldo, and I am the owner and President of Aloha Unlimited, Inc. and the Royal Prince, Inc.

Aloha Unlimited was founded in 1978 as a Hawaii corporation specializing in visitor services. The company has 120 employees in Honolulu and provides services to over 200,000 arriving visitors each year. These services include hotel reservations, transportation, and leisure activities.

The Royal Prince, Inc. is a Hawaii corporation that owns the Royal Prince yacht, a 165 foot cruise vessel certified to carry 440 passengers. The company has 50 employees in Honolulu and operates evening dinner cruises and private charters.

In 1989, Aloha Unlimited will service approximately 50,000 arriving passengers from the United Kingdom, Canada, Australia, New Zealand, and French Polynesia. The increase in travelers to Hawaii from the European countries will probably continue in the 1990s.

I would like to make some comments on promotion of secondary destinations and the role of the federal government in promoting international tourism.

The visa waiver pilot program is clearly an improvement and should be made permanent.

All "lead price packages" from foreign countries feature an inclusive package with airfare and hotel at an attractive price to the consumer.

The airfare component of the lead price package is normally based on the lowest excursion fare or charter flight seat cost. The hotel component of the package would be based on the lowest room rate at the hotel(s) being used on the program.

As an example, a European tour company currently advertises a Hawaii package at $600 including Waikiki budget hotel and roundtrip airfare. A "two centre" package at a higher rate includes both Waikiki and a visit to a neighbor island at a budget hotel.

European and Canadian tour companies successfully promote secondary destinations in California and Florida. By using an inclusive package with a car rental, tour companies featured seven (7) night stays at Orlando and Fort Lauderdale; Miami and Key West; Los Angeles and San Francisco; Los Angeles and Las Vegas; and many other combinations. Attractions such as Disneyland, Disney World, Kennedy Space Center, Yosemite National Park, Knotts Berry Farm, and Grand Canyon were used in promotional literature to sell multiple destinations.

In Hawaii, "impulse" (after arrival in Honolulu) purchases of packages to other islands are very attractive to visitors from foreign countries. The strength of other currencies against the U.S. dollar makes these packages very attractive. A Maui fly and drive package including airfare and a rental car sells for around $75 per person, which is a great value.

Balancing this type of growth to a secondary destination and maintaining the character of the outlying community could be difficult. The islands of Maui and Kauai now have a large amount of rental cars which have resulted in a substantial traffic increase in rural areas.

I would also like to address the issue of international tourism. The U.S. government's role in helping the U.S. and individual states compete for international travelers' business is vital to achieve any level of success.

The U.S. airport experience for many international travelers is so impacting that many people emphasize only that part of their trip. The customs clearance is necessary, but the sense of not being welcomed is certainly an issue to be addressed. Many visitors feel that the experience is an ordeal that is not necessary.

The U.S. government should assist individual states and airports in making the travelers feel welcomed and processed in an efficient and friendly manner. State visitor bureaus such as the Hawaii Visitors Bureau need to work hand in hand with airlines and tour companies to welcome these international travelers.

As an example, the first charter flight from Europe arrived in Honolulu earlier this year. The State's Department of Business and Economic Development (DBED) spearheaded an effort where the airport management, Hawaii Visitors Bureau, U.S. government (customs), and the private sector all worked together. The result was a wonderful arrival experience for passengers who flew 14 hours to Hawaii.

- The airport arranged a convenient gate next to the main terminal for customs clearance
- U.S. Customs arranged for a maximum number of inspectors to expedite passengers through customs

- The Hawaii Visitors Bureau arranged an "Aloha & Welcme" banner and fresh pineapple juice. Musicians and hula dancers entertained arriving passengers, and the State provided "goodie bags" with Hawaiian souvenirs.

- Our Governor was at the arrival to welcome these visitors from the United Kingdom

- The airport arranged for a special area to conveniently position motor coaches for transportation to hotels.

The U.S. government could focus on a campaign to educate communities in U.S. cities that are interested in international travelers' business. The destinations that are best prepared to service the needs of these travelers will be in the position to build the business.

Thank you for this opportunity to share my comments with you.

Mahalo and aloha!

Bill Cataldo

Bill Cataldo
President

BC/cm

Bed & Breakfast
Homestay Proprietors Association of Hawaii
1277 Mokulua Drive, Kailua, Hawaii USA 96734
(808) 261-1059 FAX (808) 263-8317

September 6, 1989

The Honorable Ike Skelton
House of Representatives
Committee on Procurement, Tourism and Rural Development
Rayburn House Office Building, Room 2361
Washington, D.C.

Dear Chairman Skelton:

Please accept the attached packet as testimony for consideration by the House Small Business Subcommittee on Procurement, Tourism and Rural Development.

On August 25, 1989, your Committee conducted a hearing at the Hawaii State Capitol. This testimony addresses the discussion regarding ways in which the federal government can work with State and Local Governments, as well as the U.S. tourism industry, to lure foreign visitors to this country.

As you are well aware Bed and Breakfast Homestays throughout the U.S. are flourishing. Foreign visitors to the shores of our country from the Pacific Ocean and the Atlantic Ocean have embraced the unique experience provided at a "home away from home". Bed and Breakfast is not just a place to stay, it is a way to meet people and get to know another country.

The Bed and Breakfast Homestay Proprietors Association of Hawaii is presently working with the City and County of Honolulu, Department of Land Utilization, on a new ordinance to establish legal guidelines for Bed and Breakfast. This ordinance would permit paying guests in non-resort zoned areas.

Here in Hawaii we find ourselves sharing our homes quite often with visitors from England and Europe. This trend is also catching on with our visitors from the Pacific Basin region. We urge your support of the Bed and Breakfast Homestay concept. Bed and Breakfast is part of an international tradition offering new dimensions in tourism.

Please contact me if I may be of any assistance.

Sincerely,

Mahina T. Maxey

Mahina T. Maxey
President

Attm.

HAWAII CONVENTION PARK COUNCIL

1989 - 1990
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Aston Hotels & Resorts

* Advisory Members

September 25, 1989

Congressman Ike Skelton, Chair
Subcommittee on Procurement, Tourism
and Rural Development
c/o Congressman Daniel Akaka
Prince Kuhio Federal Bldg., Room 5104
Honolulu, HI 96850

Re: Hearing on August 25, 1989

Dear Congressman Skelton:

The Hawaii Convention Park Council is a private, non-tax supported advocacy group that promotes and encourages the development of a world-class convention center in or next to Waikiki. Our community needs this new innovative economic development project in order to diversify our visitor industry, broaden our state's tax base, and provide better quality jobs for our residents. We have pledged our help to all those who share this purpose in good faith.

We submit this testimony to thank you for coming here to learn of Hawaii's needs and to help start or support programs that can enhance the visitors' experience in our beautiful State.

Programs like the visa waiver procedure and streamlined customs clearance can go a long way toward expressing to visitors that Aloha Spirit for which Hawaii is known. In addition, such programs can foster a more positive attitude among foreign visitors toward our entire nation.

Sincerely,

Thomas J. Mitrano
President

1001 BISHOP STREET * PACIFIC TOWER 1900 * HONOLULU, HAWAII * 96813-3888
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EXECUTIVE CHAMBERS

HONOLULU

JOHN WAIHEE
GOVERNOR

Testimony before the
U.S. House Committee on Small Business
Subcommittee on Procurement Tourism, and Rural Development

The Honorable Ike Skelton, Chairman

August 25, 1989

Chairman Skelton and Members of the Committee:

Thank you for the opportunity to present testimony on tourism issues of importance to Hawaii. State agencies such as the Department of Business and Economic Development, and the Department of Transportation, will be providing more detailed testimony on the successes and challenges of Hawaii's tourism industry. I have also taken the liberty of including perceptions gained in my tenure as the Lead Governor for Tourism for the National Governors' Association.

As you are aware, tourism is a very important part of the economy of the State. As the result of years of private and public sector investment, Hawaii has become synonymous with tourism.

What isn't as well known is the importance of tourism across the United States. In 1987 alone, tourism generated revenues to states' tax coffers equaled $11.5 billion. There are an estimated 5 million jobs attributable to tourism. In 37 states, travel and tourism is the first, second or third largest employer.

Increasingly, states such as Hawaii are interested in developing international tourism. It has been estimated that international tourism services was America's largest export in 1988. In Hawaii, over 20% of our visitors are from foreign countries; predominantly from Japan, but with important increases from other Asian and European countries. Encouraging international tourism diversifies our tourism "mix", brings new money into the economy, and increases our exposure and understanding of people from other cultural backgrounds. From a purely economic viewpoint, two examples: A Japanese tourist in Hawaii has an average daily expenditure over 3 times that of an American tourist; and, it has been estimated that one additional carrier from the U.S. and one from Japan would generate $1 billion a year in the U.S.

Since these are mid-Pacific field hearings and the Committee is on its way to the Far East, it is important for you to have a perspective of the growth of travel in the Pacific Region. The number of passengers flying between the U.S. and Pacific Rim countries has grown tremendously in the last ten years, increasing 136 percent to over 45 million passengers by 1987. McDonnell Douglas predicts that revenue passengers miles in the Pacific will equal those for the North Atlantic by the year 2000. In terms of flight frequencies, there were 15 carriers in 1982 with 195 flights per week, growing to 24 carriers in 1987 with 319 flights per week.

There is no doubt in my mind that we are in the center of the most competitive aviation market in the world. In order to continue to realize this potential, we need to create a tourism environment conducive to the region's ability to be competitive in the international marketplace.

It is in the area of international tourism that the need for strong Federal/State partnerships becomes the most obvious. Issues and programs such as immigration, customs, visa waiver programs, pre-inspection programs, airports, treaties establishing air rights agreements, trade agreements that include tourism services are predominantly programs and issues within the jurisdiction of the federal government. But states have a growing

interest in the design, development, maintenance, and funding of these programs because of their impacts on our economic development strategies. Including states in early discussions is extremely important.

With respect to a specific issue on your agenda -- the visa waiver program -- I would like to bring to your attention that the National Governors' Association has gone on record in support of extending this three year pilot program. The extension of the program is at Congress' prerogative, and I believe that action should be taken as soon as possible to maintain momentum. As Hawaii can attest, there are still documentation and process difficulties that need to be worked out between Customs, Immigration and our state airport systems. Full attention should be given to these problems in order for us to realize the full potential of the visa waiver program.

In closing, I have attached a copy of the National Governors' Association tourism policy, as revised at our annual meeting in August. The policy's central theme is that tourism is a "real" industry, and it should be an integral part of our federal and state economic development strategies. Moreover, international tourism is an important and growing industry, deserving of our combined attention in order to achieve state and national goals.

Best wishes for productive hearings.

Respectfully submitted,

John Waihee

NATIONAL GOVERNORS' ASSOCIATION POLICY H-10. TOURISM

H-10.1 Introduction

Tourism, a large and rapidly growing sector of the U.S. international trade account, is an important part of state economic diversification and rural development programs, as well as a leading employer in most states. It is the third largest retail industry in the nation. Tourism has enjoyed strong growth over the past decade; receipts increased 132 percent between 1978 and 1988.

H-10.2 National Tourism Policy

The Governors believe that tourism must be an integral part of an economic development strategy and to this end, the national tourism policy should:

- Build on the strengths of the federal government, the states, and the private sector;
- Achieve full recognition of the role of tourism in international policies and programs; and
- Make available the resources of federal economic development programs to tourism projects undertaken by both public agencies and private businesses.

The federal government should incorporate the extensive experience, expertise, and capabilities of the states as it develops tourism policies and programs.

H-10.3 Facilitating International Travel

A key objective for U.S. tourism efforts must be to keep delays at ports of entry from becoming a deterrent to increasing international travel to our country. Federal agencies should effectively cut red tape and ease obstacles to travel in the United States in areas such as visas, passports, money exchange requirements, and customs congestion. Governors urge expansion of these programs, consistent with security and drug enforcement enforcement considerations. The current visa waiver pilot program and pre-inspection efforts are successful examples of programs that facilitate travel to the United States.

In addition, the federal government should establish programs to assist states and private industry in facilitating the travel of tourists from countries where language and cultural differences are significant.

H-10.4 Travel Data

The federal government has a unique role to play in the gathering and distribution of travel and tourism information. It should generate the baseline data needed by federal, state, and local policymakers and program managers that was provided by the National Travel Survey before it was discontinued. Data should support state and federal tourism marketing, air service, infrastructure planning and international trade efforts.

H-10.5 Air Service

International air service is determined through bilateral negotiations between countries. States have a strong interest in decisions that effect domestic and international air service, as these are key elements in an effective tourism program. Affected states should be consulted and invited to participate as advisors to U.S. negotiators.

H -10.6 Infrastructure

Infrastructure supports domestic and international tourism. Infrastructure includes airports; highways; air service; signage; national parks, forests and other public lands and scenic areas; monuments; historic sites and buildings. Infrastructure planning and promotion, responsibilities shared by the states and the federal government, should incorporate analysis of tourism needs at all stages.

H -10.7 USTTA

The U.S. Travel and Tourism Administration has been an energetic and effective promoter of international tourism, an able advocate for the nation's travel and tourism service industry, and a valuable partner for states working to expand their tourism business. It is essential that funding for USTTA be continued if the nation is to compete successfully in the world tourism market. Reflecting the importance of tourism to the U.S. economy, this funding should be appropriated by Congress from general funds.

USTTA should continue to support regional tourism initiatives as one of its highest priorities. In addition, other federal entities, such as the U.S. and Foreign Commercial Service (USFCS) and the Departments of Interior and Agriculture -- should coordinate their efforts with the USTTA to achieve national tourism policy goals.

H -10.8 State Role

For their part, states should ensure that their tourism programs are fully incorporated into their economic development initiatives. They should continue to seek ways to promote increased travel in the United States by American and international travelers. In particular, states should develop regional and other cooperative tourism promotion efforts in such areas as market analysis and advertising. State programs should also focus on activities essential to tourism development, including infrastructure improvement, environmental protection and business investment.